

**OFFICE OF PRIVATE AND VOLUNTARY
COOPERATION**

BUREAU FOR HUMANITARIAN RESPONSE

**RESULTS REVIEW
FY 1999**

AND

**RESOURCE REQUEST
FY2002**

APRIL 1, 2000

Please Note:

The attached FY 2002 Results Review and Resource Request ("R4") was assembled and analyzed by the country or USAID operating unit identified on this cover page.

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Related document information can be obtained from:

USAID Development Experience Clearinghouse
1611 N. Kent Street, Suite 200
Arlington, VA 22209-2111
Telephone: 703/351-4006 Ext. 106
Fax: 703/351-4039
Email: docorder@dec.cdie.org
Internet: <http://www.dec.org>

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MEMORANDUM TO: **ASSISTANT ADMINISTRATOR HUGH
PARMER, AA/BHR**

FROM: **ADELE LISKOV, BHR/PVC**

SUBJECT: **1999 RESULTS REVIEW AND RESOURCE
REQUEST (R4)**

I am pleased to present PVC's annual Results Review and Resource Request (R4) for FY 1999. This report marks the completion of four years of implementing PVC's strategy approved in October 1996.

In anticipation of one more implementation year before launching into a new strategic planning exercise for the next five-year period, PVC reviewed its results framework to streamline the performance-monitoring plan, as discussed in last year's R4. Past R4s emphasized reporting on Intermediate Results data and less so on the office's Strategic Objective indicators. As presented in last year's R4, PVC proceeded to analyze and validate the SO and indicators in light of our experience to date. We reviewed the results framework and streamlined the performance-monitoring plan, identifying program analyses that are fundamental to program management. The refinements were made and formed the basis of several special studies to augment the SO indicator data.

Management decisions were made to initiate several studies in order to form a more complete picture of PVC's achievements and program impact on the PVOs and their NGO partners, in addition to the data collected for the set of indicators at the SO level. The results from these studies are outlined in this R4. They provide depth and document significant and unique contributions that PVC has made to capacity building of its PVO partners. In addition this year, IRs that have proven to be particularly successful in managing for results were incorporated into the grant management process. Indicators at the IR level that have not been useful to management purposes were either dropped or revised. The main thrust was to be as ambitious as possible in analyzing our performance through both the performance measurement plan in place and extra studies to clearly demonstrate PVC's achievements.

PVC has documented its considerable contributions to building PVO organizational capacity, PVO technical capacity, and linking both of these to more effective program implementation. The critical issue of "survivability" of PVOs and their NGO partners was also assessed this year. The data indicates strong evidence of post-grant sustainability in the countries studied.

Of special note is data collected to document the impact of PVC's programs on disaster assistance capacity. PVC's PVO grantees and their local NGO partners reported greater

preparation to withstand the disaster in Central America from Hurricane Mitch, and to serve vulnerable populations in other humanitarian contexts in several sectors. PVC has continued to use its results framework and performance measurement for program management purposes. This linkage to programs has been influential in accelerating progress toward 1) innovative approaches that can be replicated; 2) improving the quality of PVO programs; 3) signaling policy changes to the PVO community; and 4) emphasizing program analysis and institutionalization of performance-based approaches into portfolio management functions.

The accumulation of knowledge gained by PVC supports further concentration on capacity building for PVOs and their NGO partners and has provided a strong basis on which to proceed with the design of PVC's new PVO/NGO Capacity Building Initiative. The interest of missions to utilize PVC's technical expertise in organizational and technical capacity building of their NGO partners converges with the needs of PVC's NGO grantees in these areas. This program will directly contribute to the achievement of IR3—Strengthened U.S. PVO and NGO Partnerships—and PVC's Subgoal of NGOs and Other Local Partners Strengthened. It will, in addition, make an important contribution to the achievement of PVC's Strategic Objective and overall goal.

The competitive grant programs, as well as the non-competitive Denton Program, are in even greater demand by the PVOs and other organizations than can be met with available funds. For the second year, grants in the competitive range have been rejected due to resource constraints. This year, a new issue has arisen that very seriously threatens the feasibility of administering several of our grant programs. Caused by the fluctuations in earmarks and especially the 18% decline in the last two years in economic growth, grant activities begun a mere two years ago are in jeopardy as mortgage commitments cannot be reached. With the projected further decline of an additional 28% for FY 2001, it is uncertain whether to continue some of the programs that are dependent on economic growth funds. PVC requests attention by the Agency to the impact of the budget process on competitive grant programs, and its effect on PVC's and the Agency's relationship with the PVO community.

As the main office of contact for the Agency's PVO partners, PVC's close collaborative working relationship with U.S. PVOs continues to be challenged by the lack of readily available meeting space. PVC desperately needs a designated team room. No space for even one table and chairs is available in the suite's public area. The placement of staff on another floor further interferes with office cohesiveness and interactive synergy.

PVC is proud of its performance and achievements over the last year reported in this R4. It provides documentation of progress toward achieving our SO and a solid basis on which to move in the future. Our programs have been strengthened as a result of applying the learning from the last four years. Our RFAs and management and evaluation of our programs are stronger. We have played a leading role in promoting state of the art advances in our programs, and have outlined a more in depth discussion in our activities and achievements in the pages that follow. It is fair to say that the R4 process has itself become a capacity building mechanism in PVC.

R4 Part I OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE
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1. PROGRESS IN IMPLEMENTING PVC's STRATEGIC PLAN

PVC is in the final phase of implementing the current Strategic Plan (1996-2000). The vision articulated in the strategic plan has, to a large degree, been accomplished or is well on the road to completion:

- Organizational assessment and development has rapidly been institutionalized into PVO operations as a result of PVC efforts.
- All of PVC's grantees have local level partners as compared to only half in 1996.
- PVOs have made substantial progress in building the institutional and technical capacity of local partners as well as maintaining high performance service delivery in USAID priority sectors.
- Sustainability planning has been integrated into most if not all cooperative agreements and PVO projects are beginning to show achievements in post-grant sustainability.

In developing its current strategic plan, PVC chose a single cross cutting strategic objective --- capacity building, rather than only emphasizing multiple program-linked sectoral objectives. The emphasis on building the capacity of US PVOs envisioned capacity transfer to local counterparts as an essential component of sustainable development. Moreover, this strategic approach also anticipated issues that the Agency would grapple with in the coming years ---- downsizing, limited staff and budgetary resources and the increased need to program development assistance through other mechanisms. Indeed, the past five years have witnessed a steady increase in the amount of development assistance programmed through US PVOs, as well as increased use of local NGOs as development partners to implement Mission strategic objectives. PVC anticipates that this trend will accelerate.

As this document demonstrates, as a result of selective PVC inputs, the PVO community has become a highly credible development partner and has taken on the task of building the operational and technical capacity of NGOs and local partners. Strengthening the capacity of the US PVOs to take on a changing and expanded role in development assistance required PVC to adopt an office-wide strategy. Two primary criteria underlie PVC's program strategy: (1) that the programs the office supports are innovative and (2) that those innovations have the potential to influence the PVO community as a whole. PVC placed special emphasis on:

- Innovation: PVC has selectively used resources to fund creative approaches aimed at qualitative changes in PVO operations. Among the most urgent goals was enhancing the financial survivability of PVOs in an era of diminishing resources. Collectively these investments have created a "learning laboratory" that has field tested new

service delivery and sustainability approaches that can be scaled-up or replicated by PVOs and local partners.

- Credibility and visibility of PVO Partners: The credibility of PVOs as development partners ultimately rests on their ability to demonstrate results. Through its emphasis on building and strengthening operational competence and technical ability, PVC has enabled its PVO partners to engage public sector international organizations (PAHO, UNICEF etc.) in a policy dialog on key development issues as full partners.
- Assessment tools and technical standards that improve service delivery quality: PVC developed new assessment tools that allowed the PVOs to accurately assess specific organizational or implementation needs. By coupling these tools with an emphasis on standards for state-of-the-art technical approaches, PVC ensured that organizational capacity was tightly bound to operational ability to deliver better services.

Finally, the progress in implementing the strategic plan is the result of engaging the PVC staff in a far-reaching effort to analyze and improve program performance. Over the past four years PVC has learned the importance of developing an analytic foundation to support program decisions. This has resulted in utilizing the R4 process as a strategic management and planning tool.

2. MOST SIGNIFICANT PROGRAM ACHIEVEMENTS

In addition to tackling the SO and IR level indicators, PVC also conducted an important series of special studies, evaluations and assessments to provide additional information and verification of the performance of selected SO level indicators. The following information draws upon these studies and compliments information on the SO level indicators found in Part II of the document. This information mirrors the three clusters of SO level indicators -- capacity building, service delivery and sustainability.

A. PVO Organizational Capacity Built

As PVC nears the completion of its first 5-year plan there is ample evidence that the primary strategic emphasis on a cross cutting issue --- "capacity building" --- was both prescient and productive.

Prior to the development of the Strategic Plan, PVC did not have an approach or tool that could be used to assess organizational needs. Four years after the development and introduction of DOSA,¹ PVC has in place a systematic approach to capacity assessment and capacity building for more effective service delivery. As a result of PVC's emphasis on diagnosing organizational needs:

¹ Discussion-Oriented Organizational Self-Assessment (DOSA) contains an index of the direction and scope of PVO organizational change in six key areas: human resource management, financial resource management, service delivery, organizational learning, external relations, and strategic management.

- **more than 80% of PVC's grantees have conducted organizational assessments**
- **47% of PVC's grantees are using DOSA to assess their organizational capacity²**

PVOs and their NGO partners are aware of the importance of following up capacity assessments with concrete, targeted steps to build essential operational and technical capacity. Perhaps the most significant finding is that PVOs are following up capacity assessments with organizational changes:

- **More than 90% of respondents used these capacity assessments as the basis for organizational changes.** The areas of organizational capacity-building most emphasized by PVOs were:

Operational Changes:

Strategic planning (72%)
Human resource management (66%)
Staff training (56%)
MIS (53%)

Technical Changes:

Monitoring & evaluation (69%)
Sustainability planning (49%)
Program design (46%)
Technical standards (44%)

PVC's programs have been instrumental in building institutional capacity, with the Matching Grants (MG) program as the primary vehicle for fostering organizational change. The recent PVC study³ concluded that developing a PVO's capacity to deliver microenterprise services often requires institutional reorganization, refocusing and retooling at headquarters as well as substantial inputs at the field level.

- 50% of the PVOs currently funded by PVC used the MG to start offering microenterprise services for the first time. Most frequently (79%) of the PVOs used MG funding to build technical expertise in headquarters to develop and backstop these activities.
- A large number of the PVOs used MG funds to improve the quality of programs ---- 86% used MG funding to create changes in field loan products, while 57% created changes in lending methodology.

How enhanced capacity results in extended services:

Catholic Relief Services (CRS) using MG funds to initiate and develop its microenterprise program went from having 94 microenterprise clients in 1988 under its first Matching Grant to 67,807 microenterprise clients in 1999.

FINCA International, a specialized microfinance PVO, utilized MG funds to expand its outreach beyond its traditional Latin America focus and develop microenterprise programs in Africa, eastern Europe and central Asia. FINCA's client base outside of Latin America has expanded from 780 clients in 1994 to 59,239 in 1999.

PVC's program was found to act as the catalyst and enabler for this type of intensive internal capacity building to occur. Together, this evidence signals an appreciation on the part of PVOs of the validity of the capacity-building emphasis within PVC, and of the direct relationship between capacity building and enhanced service delivery.

² R4 Survey February 2000

³ *The Assessment of PVC's MG Impact on Microfinance*, Detwiler and Ashe, March 2000

The dynamics of organizational change

PVC reanalyzed data from the past three years on a set of items in the DOSA on which there is three-year data. The DOSA item analysis was useful in understanding the dynamics of change within organizations. For example, 63% of the cohort:

- **improved the performance of their Board of Directors**
- **improved their use of results-based indicators**
- **diversified funding sources**

Case studies of three organizations in the DOSA cohort were conducted to take a closer look at the operational and technical changes that occurred within an organization as a result of the yearly organizational assessments. These case studies highlight that insights gained through an organizational self-assessment often ripple and ramify in profound way. In the case presented below, the realization by PVO “H” that they could not agree on who its stakeholders were— engendered a broad and very diverse set of changes. These changes are presented in three “stages” to illustrate the effects over time.

Level 1 Impact

- **Recognizing the Problem**

In year one of the DOSA administration, weaknesses were identified in the following areas: stakeholder participation throughout the project cycle; information sharing with stakeholders; and the collection of feedback from stakeholders (including constituents and the general public).

Level 2 Impact

- **Actions**

In year two of DOSA, the organization was forced to grapple with a recurring performance deficit. As a result of the year two administration, PVO H delved more deeply into a consideration of its relationship with stakeholders. It determined that it needed to focus, in particular, on two groups of stakeholders: donors and the clients of its partner organizations.

PVO H began to view its private donors as stakeholders – a significant change for the organization. It conducted a survey, which aimed to help PVO H better understand the nature of its communication with private, individual donors and to assess the degree to which that communication was responsive to stakeholder needs and expectations. PVO H also began working with partner organizations to help them get client input. These interviews are now standard operating procedures.

Level 3 Impact

- **Change**

In response to the survey findings PVO H has:

- Re-styled its publications, devising a different communication strategy for each donor. This resulted in a higher return on its investment in communication with donors
- Examined and is adjusting its activities in rural enterprise and rural microcredit lending --- particularly in marketing its microcredit program and marketing training, and bolstered the delivery of business training for clients.
- Re-tooled its approach to project design. There is a new commitment to needs assessment and client-based programming. Projects are now designed on the basis of partner organization’s and clients’ needs rather than on assumptions about what those needs are. The PVO is also more inclusive of stakeholders in the impact analysis of its work.

PVO H now reports greater success in engaging supporters more effectively in its work-- both monetarily and personally.

The changes that Organization H made are reflected in a cluster of conceptually related, interdependent DOSA items that appear to co-vary over time. The “cluster of change” that is linked to the theme “meeting stakeholders needs” is shown in the following table.

TABLE 1 PVO “H” – Percent change in scores on selected DOSA Items Over 3 Years

19%	Stakeholders in our programs are engaged in assessing (project) impact.
44%	Traditionally under-represented stakeholders are engaged in monitoring projects.
32%	Our projects: enhance local organizational capacity as captured through evaluation.
79%	Throughout the project cycle (design, implementation, monitoring, and impact assessment), we give adequate attention to political sustainability (how project-supported innovations will be accommodated within the framework of existing laws, policies, and political institutions).
16%	We <i>routinely</i> share information on our progress in achieving our mission through our communications with constituency.
45%	We <i>routinely</i> use feedback from the general public and our constituency to improve performance.
6%	We adapt our programs to the changing needs of our constituency.

The findings cited in Section A are particularly important to PVC for several reasons:

- DOSA was developed as a mechanism to enable PVC to assess longitudinally its impact on the organizational capacities of PVOs supported by PVC programs. It was not originally developed as a capacity-building intervention, nor is it used by PVC as an intervention. The DOSA team interacts with each PVO in the cohort no more than 8 hours over the course of a year to facilitate the assessment and debrief the PVO staff. Thus the changes cited above are, for the most part, the result of the assessment methodology’s capacity to catalyze change through use.
- With 47% of the PVOs funded by PVC using DOSA, it is reasonable to expect that organization capacity has been built among the larger PVO population.
- Two recent evaluations⁴ of PVC funded capacity building support projects verify and lend support to PVC’s impact on the PVO community. In both evaluations longer term, sustained inputs lead to more rapid and intense organizational change.

Annex A contains a more detailed report on PVC’s capacity building efforts. This annex was developed for the Agency’s working group on capacity building.

B. PVO Technical Capacity Built

In addition to the data on the SO level service delivery indicators cited in Part II of this document, PVC conducted several additional studies to document the results of

⁴ Evaluation of the (1) Sustainability Development Services program, Norum and Biddle; (2) the Global Excellence in Management Program. Norum and VanSant. PVC, 1999

investment in PVO networks on technical capacity and on the ability of PVOs to implement more effective field programs.

PVC funds one special purpose (CorCom⁵) and two sectorally focused networks (CORE and SEEP⁶). The underlying assumption behind network participation is that communicating closely with a network of peers will: (1) offer a forum to explore issues and new ideas, (2) help PVOs acquire new knowledge and skills, and (3) inform and validate a new course of action. These benefits enable individual PVOs to cope more easily with the difficulties of changing course, shifting to new paradigms, or adopting new business practices.

The importance of networks as mechanism to leverage resources --- political, financial, and technical --- cannot be overestimated. Networks not only amplify the social and political influence of PVOs, but are a powerful learning tool that enhances the capacity of PVO headquarters to implement quality programs. Documentation of the impact of these networks indicate that they were particularly effective in the following areas:

➤ **Generating increased commitment to new ways of doing business and to proven approaches**

- Networks have been an effective and inexpensive mechanism to activate new initiatives.
 - 55% of the CorCom members increased the comfort level of their organizations in working within a new paradigm i.e., partnerships between PVOs and corporations. The skills and knowledge gained in network trainings allowed network members to stimulate discussion and debate within their organizations and to forge consensus around this new approach.
 - **66% of the CorCom members either incorporated partnership models into their strategic and marketing plans or took concrete steps towards initiating corporate partnerships.**
- Networks have developed consensus and commitment to new program models and techniques. For example:
 - SEEP brokered a collaboration between Cooperative Development Organizations and microfinance PVOs that built commitment to the recommendations from a PVC study⁷. These recommendations point the way for these institutions to increase their capabilities to reach poorer populations by drawing on each others' strengths.

PVO comments

CorCom "... encouraged me to think about diversifying our source of income ... it brought that idea forward and give it meaning" "... taught us how to approach companies"

⁵ Corporate Community Investment Service (CorCom) which has been reformed as the Corporate Community Alliance

⁶ Child Survival Collaborations and Resources Group (CORE); Small Enterprise Education and Promotion Network (SEEP)

⁷ PVC, June 1999 *"Bridging the Gap: Cooperative Development Organizations & PVOs in Microfinance"* Frankel, Ashe & Almeyda

- CORE developed and **promoted the use of standardized indicators** and technical materials. CORE's Safe Motherhood/Reproductive Health working group has systematically developed indicators for this intervention that will be used by member PVOs.

➤ **Increasing the use of state-of-the-art technical materials**

Technical discussions among network peers have resulted in increased sharing of field-tested materials and in adoption of new technologies and approaches. For new PVOs, joining a network gave them ready access to a wealth of technical, country and other information.

- Prior to the CORE network, many PVOs simply did not have the kind of access to information, human and financial resources, and technical assistance that they have now.
 - **78% of CORE members have used project tools, lessons, materials, and models developed by other PVOs.** Single purpose PVOs or those with specific technical expertise (i.e., Helen Keller) increased access to state-of-the-art technical information of the entire network.
- The SEEP network has had an important impact on promoting best practices in microenterprise and has encouraged sharing and collaboration between SEEP members and PVOs.
 - 71% of the PVOs surveyed use SEEP's Financial Ratios Guide on a regular basis with 46% indicating the guide has led to a significant change in the PVO's strategy or approach.
 - 92% of the PVOs say they regularly share SEEP materials with their developing country partners.

➤ **Increasing PVO visibility and participation in international policy discussions**

The importance of networks as powerful mechanisms to increase PVO visibility and leverage resources --- political, financial and technical --- is enormous.

- **As evidence of its growing visibility and technical credibility, CORE leveraged 10 million dollars of support from the Global Bureau to carry out a polio initiative.**

The network has been invited to meet with UNICEF and WHO, both of which see vast potential in tapping the combined presence of the 35 PVO members in 140 countries. This participation was critical for moving forward the PVO agenda on community based Integrated Management of Childhood Illness (IMCI).

Dr. Yehuda Benguigui-Regional Advisor, IMCI, PAHO

The CORE group provides an effective way to reach a large number of NGOS/PVOs, ... and provides a cohesive way to communicate between PAHO, WHO and other agencies. Strengthening such coordination between partners at all levels will contribute to the achievement of the goals of reduction of childhood mortality and morbidity."

C. Increased Organizational and Technical Capacity is Linked to More Effective Program Implementation.

PVC is acutely aware that improvements in organizational capacity are of limited importance unless they translate into more effective delivery of services, or in policy changes that positively impact vulnerable groups. PVC's six indicators that measure service delivery effectiveness at the SO level all show either improvement or maintenance of the current situation. For example,

- PVOs maintained performance in delivering childhood immunization services in spite of well-documented declines in worldwide immunization rates.
- Over the past three years, microenterprise PVOs supported by the Matching Grant program have increased lending to women by 87.5%, increased lending in rural areas by 12.5%, and increased poverty lending by 62.5%.

A more detailed discussion on the service delivery indicators is in Part II of this document.

D. Survivability -- Evidence that the programs are addressing the complex issue of sustainability.

PVC committed itself to a field review of post-grant sustainability once during the life of the PVC Strategic Plan (1996-2000). In February-March, 2000, an exploratory study was conducted to assess sustainability of child survival grants in Bolivia and Bangladesh. The study included 14 PVOs and their NGO partners (a total of eight in Bolivia and six in Bangladesh) with grants that started on or before 1985 and ended by 1997. In general, results indicate strong evidence of sustainability in both countries. Major findings include the following:

- Through alternative sources of funding, many project activities were continued after BHR/PVC funding had ceased.
 - Of eight PVOs in Bolivia, five continued activities in the project area for an average of two years with other sources of funding.
 - Of six PVOs/NGOs in Bangladesh, four continued most child survival services with private funds.
 - There was little significant cost-recovery in Bolivia where government policy does not support it. In Bangladesh, three out of four organizations providing direct services reported from 3-40% recovery of recurrent costs.
- The capacity built through the child survival grants resulted in greater organizational capacity of PVOs and their local partners, including technical and managerial capacities, and institutionalization of lessons learned.
 - In Bolivia, three PVOs/NGOs used their child survival grants to begin work in the country for the first time. All three have remained and expanded their programs.

- Thousands of government workers in both countries have received training in both curative and preventive health care and in management.
- One PVO helped adopt the IMCI strategy to the community level and field tested the strategy for national implementation in Bolivia.
- Community structures created or reinforced under the grant continued to function.
 - Community committees and volunteers continued to work in 6 areas where PVO/NGO projects had operated (three in Bolivia and three in Bangladesh).
- Five PVOs demonstrated sustained impact in communities from two to four years after the PVO-initiated activities had been discontinued.
 - A new baseline study in Bolivia with substantial overlap with old communities found that Oral Rehydration Therapy (ORT) use had been sustained: 47% at baseline, 77% at end of project and 71% two years after the end of the project
 - A survey in Bangladesh five years after the end of the project revealed that 79% of children were fully-immunized in the project area compared to 56% in adjacent communities.

The findings from this study will be used to develop a cost-effective approach for the PVOs to measure sustainability within their programs, and for PVC to determine how to track sustainability achievements across PVC programs.

Reinforcing the sustainability data from the child survival program, the microenterprise study concluded that from 1997 and 1998, there was a trend toward increasing operational and financial sustainability⁸ of the PVOs.

- There was a 16% increase in the number of institutions that graduated from no measure of sustainability to either operational or full financial sustainability.
- Out of the 60 PVO affiliates, nine institutions, or 15% of the sample, graduated from having no measured sustainability to reaching operational sustainability. Two other affiliates, or 3.3%, were able to achieve financial sustainability in 1998 from having had no measured sustainability in 1997.

This data indicates that the affiliates of PVC's microenterprise PVOs are making progress towards achieving financial self-sufficiency.

E. Impact of PVC capacity building on USAID objectives.

PVC's investments in building the capacity of the PVO community and in strengthening the ability of these PVOs to improve the operational and technical capacity of their local

⁸ Operational sustainability is defined as the capacity of an institution to cover all of its operating costs with its own revenues. Full financial sustainability is the capacity of an institution to cover all operating costs plus the cost of obtaining funds and of the cost of inflation, with its own revenues.

partners has a significant bearing on future Agency directions. As increased development assistance is programmed through US PVOs, PVC's experience in working with the PVO and NGO community provides the Bureau and the Agency with the analytic foundation to make decisions about the most effective approaches to delivering development assistance through the private sector.

Impact on Mission objectives

Southern NGOs have become increasingly significant development partners for USAID Missions. Indeed, 75% of USAID missions have a stated objective of strengthening local NGOs. In light of this strengthening relationship, the role of US PVOs in strengthening the capacities of local NGOs has become more critical.

In 1996, only 50% of the PVOs had local partners that were integral to the delivery of services. In 1999, as a result of PVC's programming approach, all PVC grantees have local partners, and the majority of PVOs have strengthened these partners:

- **52% of PVO grantees conducted a formal assessment of the capacity of their NGO partners.** One quarter of the PVOs used Appreciative Inquiry, a PVC-developed capacity assessment tool. The exceptionally rapid spread of this tool reflects its immediate relevance for the PVO community, as well as PVC's effectiveness in disseminating it to them.
- **93% of PVOs made plans to strengthen the capacity of local NGO partners,** and 82% of the PVOs actually set aside the resources to do so.
- **66% of the NGOs report making changes as a result of capacity assessment. Two thirds of the PVOs conducted follow-up assessments of the effectiveness of organizational change processes among the NGO partners.** The areas in which local NGOs made organizational changes reflect somewhat different priorities from their PVO mentors, but reflect well-considered priorities and goals. The prevalence of various changes is as follows:

Operational Changes:

Strategic planning (72%)
Financial management (70%)
Staff training (68%)
Information systems (66%)

Technical Changes:

Sustainability planning (68%)
Monitoring & evaluation (62%)
Technical standards (64%)
Program design (60%)

Together, these figures demonstrate that PVOs and their NGO partners are aware of the importance of following up capacity assessments with concrete, targeted steps to build essential operational and technical capacity. In addition, the increased use by the PVOs of the PVC-developed DOSA and Appreciative Inquiry (AI) instruments indicates the importance of sending clear, unambiguous signals on programming priorities, and of providing a systemic approach and tools to assess organizational capacity.

Impact on the Bureau's Disaster Assistance Capacity

From a humanitarian perspective, capacity building is any intervention designed to reinforce or create strengths upon which communities can draw to offset disaster-related-vulnerability. PVC's capacity building efforts have increased the ability of PVOs and their local partners to deliver humanitarian assistance. These efforts represent significant contributions toward the Bureau's and the Agency's mandate to respond to urgent needs in times of crisis.

A survey⁹ of PVC active grants in 1999 indicate that:

- 47% of the PVOs and 27% of their NGO partners have projects in the area of emergency relief, food aid or refugee relief/resettlement. Three quarters of this assistance was targeted to Hurricane Mitch; secondary locations included Bosnia, Kosovo, and Rwanda.
- **60% of PVOs and 48% of their NGO partners reported that their ability to deliver aid in these areas improved as a result of the technical and organizational capacity building done under PVC cooperative agreements.**

PVC cooperative agreements strengthened the capacity of PVOs and NGOs in the areas of program design and technical standards, resulting in much greater capacity to deliver disaster assistance. In addition, NGOs disaster response capacity was improved as a result of strengthening NGO financial management, information systems and strategic planning skills.

Strengthened capacity enables a flexible humanitarian response

“During the initial assessment (following Hurricane Mitch), we were much more knowledgeable about what to ask in regard to health status, environmental impact, agriculture situation related to nutrition, etc. The skills and knowledge gained in the Matching Grant helped us to determine which communities were most in need and prioritize”

“While we would have involved the community on some level regardless, I think the MG helped us to take a community-based approach from the very beginning (when it's easiest to simply provide handouts because it's an emergency)”

Enhanced technical capacity strengthens intersectoral cooperation:

With PVC support, **Save the Children** has a strong worldwide team of health professionals. The cross fertilization between the technical development and emergency programs staff has improved overall organizational capacity –i.e., the commodity-assisted programs funded via FFP have had the technical input of health sectoral staff who are now taking part in more comprehensive project design activities

⁹ R4 survey February 2000

Additional country specific information on how PVC investments in capacity building have affected the Agency's capacity to delivery disaster assistance can be found in Annex B Success Stories.

2. FACTORS THAT HAVE MOST INFLUENCED PROGRESS

Four approaches emphasized by PVC have been most influential in accelerating progress:

(i) Focus on innovative approaches that can be replicated

PVC used its cooperative agreements to fund programs and approaches that had the potential to influence the PVO community as a whole. The grants programs thereby became learning laboratories for innovations, new tools, and interventions that can be extended to the larger PVO/NGO community. PVC also recognized the importance of partnering with a broad range of PVOs if the office is to continue to provide leadership to the agency in programming through the private sector. PVC has funded a series of programs that feature PVOs partnering with large corporations to provide better societal outcomes, as well as organizational benefits for both partners.

While these single program examples are compelling success stories, **PVC is more concerned with developing program approaches that have wide applicability, and with providing the PVO community with a clear understanding of the costs and potential of such models. The following three examples illustrate this approach, and demonstrate the power of partnerships between PVOs and commercial organizations. They also show how these partnerships increased access to services for previously un-served or under-served populations, or created economic opportunities for local populations.**

- Project HOPE/Malawi developed a collaborative program with private tea plantations to provide preventive health services for women and children under five. Seeing the success of this effort, Malawi's largest agriculture firm replicated the model, and is now reaching a population of more than 200,000 agricultural workers and their families. Project HOPE then replicated the model in Guatemala. There, Project HOPE helped the agricultural estates and its other partner agencies (Ministry of Health and Social Security Institute) to provide services to the families of approximately 85,000 resident and migrant workers. USAID Nicaragua is interested in replicating the model as a means to rebuilding health infrastructure in disaster-stricken areas.
- The PVC Cooperative Development Program funded Land O'Lakes (LOL) and its partner, HealthPartners, a Minnesota-based, U.S health care cooperative, to work with Ugandan dairy cooperatives to assist them in opening a health cooperative providing community-based health services to their members. After their initial success in Uganda, LOL expanded operations into Tanzania, and conducted a seminar on dairy development and health for cooperative representatives from Uganda, Kenya, Zambia and Malawi to explore further expansion.
- Freedom from Hunger (FFH) has used Matching Grants funds to transform from a PVO focused on food security to one that combines microlending with health, nutrition and business education. This ten-year evolution required a new board of

directors, new staff and a new set of methodological tools. FFH is now recognized as the leader in the development and dissemination of the Credit with Education methodology. FFH formed a unique partnership with the World Council of Credit Unions (WOCCU) to implement this methodology in Togo and the Philippines. Credit with Education has attracted considerable interest in the microfinance field and the model is being replicated by other PVOs.

- Two years ago, PVC reported on an innovative ACDI/VOCA program in Armenia that created a local agricultural constancy firm that utilized the skills of unemployed university and technical staff. The firm is now self-sufficient. ACDI/VOCA has since replicated the model in Azerbaijan and is exploring how the model can be applied in other NIS countries to build entrepreneurship.

It is important to note that mature PVOs with broad, in-depth technical expertise as well as international recognition and credibility are uniquely suited to develop and test new approaches and to take the programmatic risks inherent in these newer models for development.

(ii) Concentrate on improving the quality of PVO programs

PVC has boosted the quality of the technical aspects of PVO programs by focusing on the development of technical guidance and standards. Closer collaboration with the Global Bureau and selective use of short-term non-direct-hire technical staff has resulted in PVC being able to address specific issues that presently constrain the PVO community's ability to deliver quality programs.

- PVC reviewed PVO technical interventions in acute respiratory infections (ARI).

Only half appeared to be using the latest WHO standard treatment and algorithms for ARI. The remaining projects used out of date concepts or defined their own criteria for treating ARI .

- Since that time, PVC successfully raised the quality of pneumonia case management (PCM) programming. The combination of these inputs raised the quality of PVO programming in PCM. PVOs report that they have significantly changed the implementation of pneumonia case management activities, and that there is now a greater convergence with WHO standards.

PVC staff developed:

- Technical reference material for the RFAs.
- Detailed implementation guidelines on PCM.
- A technical review process that provided a forum for sharing best practices and country specific realities by outside technical consultant experts, contractors, PVC staff and peer PVO reviewers.
- A PCM Toolbox for field use.

iii) Send policy signals to PVO community

PVC has consistently used its annual partners meeting to send clear signals to the PVO community on the office's policy and programming priorities in the area of PVO

strengthening. These areas include business planning, sustainability, corporate alliances, strengthening of boards, and network participation.

(iv) Increase the emphasis on program analysis and institutionalizing performance based approaches into portfolio management functions

PVC has consistently emphasized the importance of performance measures and reporting to its PVO partners. Rigorous monitoring and evaluation within PVC provides the office with the information it needs to assess and improve its programs. Within PVOs, monitoring and evaluation is a tool for better managing service delivery and operations. In using performance data to improve its programs and those of its partners, PVC has:

- Consolidated performance monitoring data, i.e., established common indicators within the Farmer to Farmer (FTF) program and developed consistent approaches to facility assessments.
- Operationalized a yearly analytic agenda to examine programming issues in greater detail.
- Used Intermediate Results monitoring in the R4 process as a management tool for monitoring performance.
- Assured that all PVC programs measure the capacity building effects on both the PVO and their local partners
- Upgraded performance monitoring in the office and with PVO partners and stressed the importance of transferring these skills to NGOs and local partners.

4. OVERALL PROSPECT FOR PROGRESS THROUGH THE BUDGET REQUEST YEAR

While the current plan has served PVC well, changes in both USAID and the PVO-NGO sector make it essential for PVC to reassess its program strategies and design. Building on a proven foundation and on recent learning about effective approaches to organizational development, PVC will in the coming year develop its next 5-year strategic plan addressing a series of programming priorities that have emerged over the last few years. Among the most significant of these future program priorities will be:

- **The need for PVOs to master organizational development technologies.** As more development assistance is passed through US PVOs, the pressure on PVOs to build their technical and organizational capacities to deliver high quality services and to manage grants will increase. Simultaneously, they will face growing responsibility to strengthen the capacity of their local NGO partners. Whether for northern PVOs or their southern counterparts, capacity assessment is a vital, catalytic first step in building organizational strength. Yet currently only about 50% of the PVOs with PVC assessed the capacity of their local NGO counterparts.
- **Mission demand for NGO organizational development.** Notwithstanding the major role local NGOs now play in development work, USAID missions report ongoing weaknesses in the service delivery capacity of NGOs in many countries.

PVC's 1999 survey¹⁰ of USAID Missions' relationships with local NGOs revealed that this relationship is increasingly important and close. The survey also revealed that improving the effectiveness and sustainability of those services remains a high priority for Missions. PVC's recent mission survey indicates that:

- 66% of the Missions answered "no" when asked whether 'many' local NGOs in the host country are organizationally strong and programmatically capable.
- 74% of the Missions expressed interest in acquiring tools to choose and evaluate appropriate indicators for measuring improvements in local NGO capacity and performance.

PVC's experience clearly shows that capacity assessment is a catalytic first step in building organizational strength – whether for northern PVOs or their southern counterparts. PVC clearly wants to see more emphasis put on capacity assessment of NGOs coupled with actions that promote organizational change.

- **The need to accelerate the use of performance data for program management and organizational development tools rather than simply as reporting requirements.** Evaluations, annual reports and Detailed Implementation Plans (DIPS) submitted to PVC reflect progress among PVO grantees in integrating a results-oriented management information system as a routine program component. Nonetheless, these same documents indicate systemic weaknesses in data collection and lost opportunities in using available information to revise and improve programs. Follow up on routine baseline surveys to assess the effectiveness of interventions, for example, was conducted by only 57% of PVOs who conducted organizational capacity assessments on their NGO counterparts.

The challenge facing PVC is to (1) accelerate successful capacity building efforts undertaken in the last four years within PVC's major development programs, and (2) to address unmet capacity building needs by designing a new, complementary NGO strengthening initiative to capture the synergies from PVC's established programs. Under PVC's new strategy, the office's support for organizational development will become more responsive to the changing roles and capacity building needs of our PVO partners to build the capacity of their local partner while remaining focused on and documenting results.

¹⁰ PVC Mission Survey May 1999

R4 PART II RESULTS REVIEW BY SO

<u>Country/Organization:</u>	Private and Voluntary Cooperation
<u>Objective ID:</u>	963-001-01
<u>Objective Name:</u>	Increased capability of PVC's PVO partners to achieve sustainable service delivery

1. SELF ASSESSMENT On Track

2 SUMMARY:

Primary Link to Strategic Agency Framework: PVC's Strategic Objective is crosscutting, thus it forms a primary link to all aspects of the Agency's Framework.

Secondary Link to Strategic Agency Framework (**in bold**)

1.1 Private Markets	5.3 Sustainable Urbanization/Pollution
1.2 Ag Development/Food Security	5.4 Environmentally Sound Energy
1.3 Economic Opportunity for Poor	5.5 Natural Resource Management
2.1 Rule of Law	6.1 Impact of Crises Reduced
2.2 Credible Political Processes	6.2 Urgent Needs in Time of Crisis Met
2.3 Politically Active Civil Society	6.3 Security/Basic Institutions Reestablished
2.4 Accountable Gov't Institutions	7.1 Responsive Assist Mechanisms Developed
3.1 Access to Ed/Girl's Education	7.2 Program Effectiveness Improved
3.2 Higher Ed/Sustainable Development	7.3 Commit Sustainable Development Assured
4.1 Unintended Pregnancies Reduced	7.4 Technical/Managerial Capacity Expand
4.2 Infant/Child health/Nutrition	
4.3 Infectious Diseases Reduced	
4.4 HIV/AIDS	
5.1 Global Climate Change	
5.2 Biological Diversity	

Link to U.S. National Interests: National Security

Primary Link to MPP Goals: Regional Stability

Secondary Link to MPP Goals: No Secondary Linkage

PVC's Strategic Objective

PVC's primary mandate is to strengthen the capacity of the U.S. PVOs to carry out innovative and effective development activities in priority sectors of mutual interest to USAID and the PVO community. The Office's Strategic Objective (SO), "increased capability of PVC's PVO partners to achieve sustainable service delivery," reflects this mandate. PVC's SO and programs are linked to most elements in the Agency's Strategic Framework – from agricultural development and microenterprise, through civil society to child survival. PVC's SO seeks to ensure that increased capacity results in effective service delivery at the local level as well as sustained benefits. The five Intermediate Results (IRs) that support the SO are:

- Operational and technical capacity of PVC grantees improved
- Strengthened partnership between USAID and U.S. PVOs
- Strengthened partnership between U.S. PVOs and local NGOs
- Improved Mobilization of Resources by PVC's PVO partners
- U.S. Public Awareness Raised

Key Results

At the SO level PVC measures three dimensions; change in PVO institutional capacity, effectiveness of service delivery, and sustainability. Part I of the document discussed PVC's most significant program achievements in capacity building and sustainability. This section of the document discusses a set of illustrative indicators in three sectors in which the office is most active, microenterprise development, child survival and economic development, that illustrate how increased capacity results in improved services at the community level.

Microenterprise development Indicators

PVC uses both the indicators and the Results Reporting (MRR) system developed by USAID Office of Microenterprise Development to provide regular reporting on USAID's microenterprise development projects. (1999 data is not yet available).

SO Indicators	1996	1997	1998
Number of loans	311,711	420,106	528,976
Amount of loans(US\$)	110,011,277	150,307,080	178,149,233
Percent of women borrowers	74.5	71.3	74.3

From 1996 to 1998, there was a 68.6% increase in number of loans and a 61.9% increase in the amount of loans made to target groups. In 1998, 74.3% of loans were disbursed to women. Additional survey data from 14 PVOs with current microenterprise projects funded by the Matching Grants Program indicate that these PVOs are continuing to improve services at the community level:

- From 1995-1998, the number of loans increased and ranged from 30% to 443%. The dollar amount of loans increased – ranging from 23% to a 2,226% increase.

- The beneficiary base had changed, almost always in the direction of an increased commitment to reaching more women (87.5%) and to poverty lending (67%).
- 71% of the PVOs used funding to start additional projects in the field

PVO Comment:

Matching Grants has been critical to the growth and development of World Relief's microenterprise program. At the field level, the grants have been used to get programs up and running to a level where they can attract funding from other sources. Without the "seed capital" of the MG program, WR would not be able to begin these new programs.

The outreach of PVC's microenterprise program can be roughly estimated. Assuming that one loan is likely to benefit five household members, the approximate beneficiary base of the program in 1998 is 2,644,880 people. This is approximately a 70% increase from 1996.

Child Survival and Health Indicators

Data on change in PVO capacity to deliver sustainable child survival services is calculated on a three-year mean using a performance index. The performance index describes "the proportion of the problem eliminated by the program"¹¹. The Performance Monitoring Plan tables ([Annex C](#)) contain a more detailed explanation of how the Index is calculated. The performance data in Table 1 indicates that programs implemented by the PVOs have maintained childhood immunization coverage and exclusive breastfeeding at a consistent rate and increased maternal tetanus immunization.

Table 2: Child Survival Performance Index by Year and Intervention

Performance Index (% coverage gap closed)	1994	1995	1996	Baseline 3-Year Mean	1997	1998	1999	1997-1999 3-Year Mean
Child Immunization	35%	30%	41%	35%	27%	28%	46%	34%
Maternal Tetanus Immunization (TT)	11%	13%	15%	13%	17%	29%	58%	35%
Exclusive Breastfeeding	20%	37%	33%	30%	38%	26%	24%	29%

- Almost all of the PVOs increased childhood immunization coverage and some exceeded 90% coverage. In areas where coverage goals were not reached, the case was outside the control of the program ---i.e., countrywide vaccine shortages.
- PVOs were particularly effective in introducing new and innovative ways to reach underserved and difficult-to-reach populations and in promoting preventive care such as tetanus vaccination for pregnant women. The increased performance in maternal TT may reflect increased promotion by the PVO of use of maternal health cards,

¹¹ Mohr, Lawrence B. Impact Analysis for Program Evaluation, 2nd Edition. Sage Publications: Newbury Park, pp. 5, 1995.

which results in increased capacity to accurately measure coverage, as well as increased use of antenatal health services.

- In PVO programs that worked on the control of diarrheal disease, final survey data indicated that 71% of the children received oral rehydration therapy during their last episode of diarrhea, as compared to 41% of the children in the baseline survey.

PVC doesn't necessarily expect to see childhood immunization coverage rates to increase. While PVOs have contributed significantly to increased childhood vaccine coverage, they are increasingly involved in activities that strengthen quality of services, safe vaccination practices and better monitoring of the cold chain. This increased focus on quality issues will assure better immunization services, but will not necessarily increase vaccination coverage rates. Thus these service delivery indicators will need to be broadened to incorporate quality of care issues.

Economic Growth and Agricultural Performance

The Farmer to Farmer (FTF) program and implementation partners developed a system of common indicators to report on results related to the Agency's economic growth and agricultural development objectives. For FY 99, the FTF results assessment system was refined to capture year-by-year data rather than cumulative program results. FTF grantees all reported common indicators related to private enterprise development.

In FY 99, grantees using this performance monitoring system reported that entrepreneurial farmers, agricultural organizations, and businesses assisted by the FTF program had improved their business operations:

- 68% increased production levels
- 77% adopted innovative practices that improved business operations, and
- 71% increased their profitability and financial performance.

A new program results system developed collaboratively with FTF partners is in place for the new FTF program in Russia, the Caucasus, and the West NIS, and the Central Asian Republics. The new program results system will be also applied to the ongoing worldwide FTF program.

Sustainability Indicators

While operational sustainability is the primary indicator, PVC is tracking microenterprise organizations that are operationally and financially sustainable. From 1997 and 1998, there was a trend toward increasing operational and financial sustainability among microenterprise PVOs. The tables below present data for 1997 and 1998 (1999 data will be available in 4th quarter 2000).

Table 3 Sustainability in PVC-funded Microenterprise Programs

	Operational	Full Financial	Neither
1997	7.55%	9.43%	83.02%
1998	21.67%	11.67%	66.67%

PVC will continue to track both indicators but will switch to using full financial sustainability as this is the primary program objective. This will also facilitate setting targets. (Note: an organization that has achieved full financial sustainability is no longer counted in the operational sustainability numbers).

3. PERFORMANCE AND PROSPECTS

Last year's R4 committed PVC to streamline the strategic plan, either drop or revise indicators and add new indicators at both the SO and IR level (see Annex D). With the imminent redevelopment of the strategic plan, PVC made changes to indicators rather than to the IRs in this reporting period. In some cases targets were revised (microenterprise sustainability indicator). In general PVC has achieved most of its SO and IR level targets. Where targets were not met, additional analysis was undertaken to provide more detailed information on performance.

PVC has institutionalized the use of R4 performance data to guide program decision-making. PVC holds a yearly post-R4 meeting to review and discuss the programmatic implications of the R4 data. As a result of these meetings, the office has modified the RFAs, revamped program evaluations and guidance, redeveloped DIP guidelines using information from the R4. Decisions from the meeting led to a further evolution of the Farmer to Farmer Impact Reporting System, revision of the CS evaluation guidelines, and the development an analytic agenda of special studies to fill in gaps in performance data.

Finally, the data from the special studies conducted this year and our accumulated experience with the R4 process will provide the foundation on which a new 5-year strategy will emerge. Looking forward, the office will hold a series of meetings this fiscal year to revise its strategic plan in response to the Agency's changing environment.

4. POSSIBLE ADJUSTMENTS TO PLANS

The current Strategic Plan will be revised in FY 2000. In addition, PVC is currently in the process of developing a special initiative in FY2000. The PVO/NGO Capacity Building Initiative will provide a strategy and the mechanisms to assist US PVOs to build the capacity of their local partners and to assist missions in strengthening their NGO partners.

5. OTHER DONOR PROGRAMS

The International Forum on Capacity Building (IFCB) provides a valuable avenue for donors, northern PVOs and southern NGOs to share information and improve

coordination in our respective capacity building efforts. Other donors supporting the IFCB include: UNDP, the EC, and the World Bank.

6. MAJOR CONTRACTORS AND GRANTEES

All of PVC programs are implemented by U.S.-based PVOs. The office maintains three support contracts to assist in the PVO registration process and in providing administrative and technical support for management of the grants portfolios.

PERFORMANCE MONITORING TABLES

Table 1: SO1 Performance Indicator 3

Objective name: SO 1.3 : Change in key measures of Child Survival Performance				
Objective ID: 963-001-01				
Approved:		Country/Organization: Private and Voluntary Cooperation		
Result name:				
Indicator: Proportion of the problem eliminated by the program (JHU Methods Paper)				
Unit of Measurement: (See comments section)				
Source: ‘Highlights of 1998-1999 Child Survival Grants Program Review’ (CSTS)	Year	Key Measure	Planned	Actual
Indicator Definition: Proportion of the problem eliminated by the program. Comments: The performance index describes “the proportion of the problem eliminated by the program”. The performance index illustrates the percentage of coverage achieved in comparison to what can be maximally achieved. In practical terms, the performance index is the difference between the final evaluation results and the baseline value for an indicator divided by 100 minus the baseline value. If the baseline is 80% coverage of immunization, for example, then the maximum a project can achieve is 100 minus 80%, which is 20%. If the project has achieved a coverage of 90% at the end of the project measure, the performance index would be 10% divided by 20%, i.e., 50% is the performance index. A performance index is calculated across all projects reviewed which finished in a given year. Three year means are then calculated to stabilize distributions.	1994-1996 (3 -Year Mean)	Childhood Immunization	----	35%
		Maternal Tetanus Immunization	----	13%
		Exclusive Breast-feeding	----	30%
	1997-1999 (3 Year Mean)	Childhood Immunization	35%	34%
		Maternal Tetanus Immunization	19%	35%
		Exclusive Breast-feeding	35%	29%

Table 2: SO1 Performance Indicator 4

Objective Name: Strategic Objective 1.4 : Change in key microenterprise measures of performance				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: Change in key microenterprise measures of performance				
Unit of Measure: 1) Number of loans disbursed to target groups, 2) Amount (dollar) of loans disbursed to target groups, 3) Percentage loans made to women borrowers	Year	Measure	Planned	Actual
Source: Microenterprise Results Reporting (MRR) system, Office of Microenterprise Development. The baseline data is 1996.	1996 (B)	Number loans	-	379,326
		Amount loans	-	115,941,014
		% Women borrowers	-	66%
Indicator Definition: Measures the change in PVO service delivery capacity.	1997	Number loans	400,000	418,308
		Amount loans	133 million	143 million
		% Women borrowers	70%	77%
	1998	Number loans	500,000	
		Amount loans	153 million	
		% Women borrowers	70%	
	1999	Number loans	600,000	
		Amount loans	176 Million	
		% Women borrowers	70%	
	2000	Number loans	700,000	
		Amount loans	203 Million	
		% Women borrowers	≥75%	

Table 5: SO1 Performance Indicator 5

Objective Name: SO 1.5: Percent change in key measures of Microenterprise sustainability				
Objective ID: 963-001-01				
Approved:		Country Organization: Private and Voluntary Cooperation		
Indicator: <u>Operational sustainability</u> is defined as the capacity of a financial institution to cover all its operating costs with its own revenues without subsidy. <u>Financial sustainability</u> is defined as the capacity of a financial institution to cover all of its financial and operational costs by the revenues from interests and fees.				
Unit of Measurement: Percent microenterprise institutions/activities which achieved operational sustainability.	Year	Key Measure	Planned	Actual
	1996 (B)	Operational sustainability	-	13%
		Financial sustainability	-	6%
Source: 1) MRR system, Office of Microenterprise Development. 1996 year data is baseline. Data reported in R4 is prior years data. For 1997 R4, 63 records from 1996 were reviewed; 83 records were reviewed for 98R4. Document review of program plans and records. Twenty-one programs reviewed for 97R4.	1997	Operational sustainability	15%	2%
		Financial sustainability	62%	52%
	1998	Operational sustainability	15%	22%
		Financial sustainability	62%	12%
	1999	Operational sustainability	15%	Data not yet available
		Financial sustainability	62%	
Indicator Definition: Measures change in sustainability and community willingness to support services. Financial input at the local level includes user fee, income generation, fund raising, voluntary community contributions. Data for this indicator will not be collected until program evaluations are revamped.	2000	Operational sustainability	15%	
		Financial sustainability	TBD	
	Comments: 1) An organization that has achieved financial sustainability is no longer counted in the operational sustainability numbers. 2) From 1997 to 1998 there was a trend towards increasing sustainability. During that period, there was a 16% increase in the number of institutions that graduated from no measure of sustainability to either operational or financial sustainability.			

PART III: RESOURCE REQUEST

Rationale for Program Resource Level

PVC manages six competitive grant programs and one non-competitive program in support of capacity building and field activities of more than 139 PVOs in more than 104 countries. Applications for PVC's programs continued to increase and funding requests this year exceed \$85.1 million. PVC has again rejected proposals that review committees have recommended for funding. While it is recognized that the Agency is under severe DA constraints, especially in economic growth, the competitive grant programs that PVC administers are especially hard hit due to the fluctuations in earmarks within the three to five year life of one grant activity. In addition, PVC is achieving impressive results as it earnestly strives to work with the budget realities, but it must be pointed out that in order to just sustain and hopefully consolidate the progress that is being made toward achieving the SO, additional resources are vital.

Last year, PVC's R4 and BBS reviews laid out the rationale for a \$50 million OYB level for FY 2000, a request that was approximately \$2 million above the FY 2000 CP level of \$47.8 million. This was to restore critical program funds that reduced PVC's OYB \$2 million below the FY 99 CP level last year. In addition, the FY 2000 request level would also enable PVC to move forward on its new NGO strengthening initiative. In a 1998 decision memo, the Administrator authorized an increase in PVC's OYB for the purpose of meeting Mission demand for PVC's expertise in local NGO strengthening and to assist in accelerating their efforts to build local NGO capacity. PVC planned to utilize the additional funds to put this program into place.

PVC has succeeded in receiving an OYB increase for FY 2000 above the CP level--\$50.542 million. However, the additional funds are not available for PVC's new initiative since they are tied to the torture victim's initiative and to microenterprise. The additional \$1 million for microenterprise brings PVC's total earmark in that sector to \$9 million in FY 2000. The extra funds were requested in part to meet tremendous demand for PVC's microenterprise portion of the Matching Grants portfolio as this program continues to build capacity of these PVOs and documents important achievements in the sector.

The increase in PVC's FY 2000 OYB above the CP level, while providing some relief, still poses significant programming problems. PVC agreed to manage the \$1.5 million requested by PPC to strengthen the capacity of treatment centers for torture victims, an activity that is external to PVC's PVO grant programs and strategy. For two years, PVC has been frustrated in not being able to put funds in place to develop the new NGO initiative to work with Missions on local NGO strengthening. We believe that this has become more critical Agency-wide in an era of dwindling resources and increasing reliance on PVOs and local organizations to manage funds and activities in the future. Unable to initiate the program last year, PVC is beginning to move ahead during FY 2000 despite the scarce funds available outside of PVC's regular competitive grant programs and mortgage commitments. A design team is now working on the new results package

to be funded modestly (\$1 million) the first year and with the additional democracy funds that we are requesting for FY 2001.

PVC will continue to offer its grantees technical assistance in capacity building. To reduce the management burden, we are incorporating into the new NGO strengthening results package technical assistance for PVC's grantees to help them plan for sustainability, raise the quality of partnerships with local organizations, as well as business partnerships and other cutting edge capacity building approaches, some of the same kind of assistance that will be available to Missions. The technical support made available to PVC grantees for the past five years – Global Excellence in Management (GEM), Sustainable Development Services (SDS), capacity measurement methodologies for U.S. and local organizations (DOSA and Appreciative Inquiry) are now ending. An assessment of our capacity building technical assistance to grantees was undertaken this year to reflect on what PVC should provide to meet the needs of the PVOs in the future. The \$2.4 million previously expended on technical support is no longer available as PVC has experienced a dramatic reduction in economic growth funds, now making it more difficult to whittle together the appropriate funding to continue these resources and to initiate the new program discussed above. As one package, PVC plans to meet both U.S. PVO grantee needs as well as Mission requests from the services provided in the PVO/NGO Capacity Building Initiative.

Another area of concern for FY 2001 is the projected Agency budget for Development Education, which for the first time, allocates to PVC \$37,000 less than the \$750,000 congressional cap allows. Briefings on the House side resulted in the understanding that PVC would have the funds to run a two-year program cycle in order to make it worthwhile to manage a competition given the modest level and that would maximize program results. The projected \$713,000 for 2001 is the first time the Agency has cut back on its commitment to inform the American public about development through this small but significant Biden-Pell outreach program. The signal to the Hill is likely to make it even more difficult to maintain the current cap on the program and conflicts with our efforts to have it raised completely, especially as we prepare to initiate a new two-year program in 2001. The reclama decision to allow PVC to utilize its economic growth funds is unworkable, since the projected 28% decline in EG funds hamper PVC from even meeting its current grant commitments in this sector.

As discussed above, during FY 1999, PVC was faced with several funding and program challenges caused by a \$2 million reduction below the FY 99 CP level in the office's OYB. This posed a dilemma for the annual Matching Grant competition due to its focus on multi-sector programs that rely on some degree of flexible funding in economic growth, in addition to directives in environment, agriculture, and democracy. The microenterprise portion, which funds 50% of the Matching Grant portfolio, was also affected by the budget reduction despite the straightlined \$8 million microenterprise earmark PVC received. The reason for this was that mortgages for existing 3-5 year programs in this sector absorbed most of these funds, making it difficult to fund new programs in the sector without the availability of sufficient overflow funds in other appropriate categories to support additional microenterprise grants. Unable to plan in

advance, the office was forced to choose between skipping the Matching Grants solicitation with significantly reduced funds in 1999 in order to meet ongoing mortgage commitments. PVC chose to pursue the competition in order to avoid raising concerns in the PVO community, albeit with significantly reduced funds. The result was to modestly fund four new proposals for a shorter, 3-year (rather than 5 years timeframe out of the total of 25 proposals received. As PVC's flagship program, the intensified competition for reduced funds contributed to the impetus by organizations not funded in last year's competition to devise or carve out a special, new program initiative that would reserve funds outside of Matching Grants for more advanced microenterprise organizations. The concept has been put into legislative language and its authorization and Congress is considering funding. There is concern in PVC as to its possible impact on the Matching Grants Program, especially if no new funds are forthcoming.

PVC BUDGET SUMMARY

	FY 1997	FY 1998	FY 1999	FY2000	FY 2001
TOTAL	46.6 M	47.6 M	45.2 M	50.5 M	50.1 M

Performance and Allocation

In terms of our strategic objective, we have made considerable progress toward realizing our goals as we enter the last year of the current plan. We are at a critical juncture in our strategic planning for the next five years as we document our accomplishments and consolidate the substantial SO achievements to date.

This R4 reflects the greatest effort on our part during this 5-year strategic plan to document our achievements toward the SO. Meeting the special challenges of performance measurement for institutional capacity building, PVC has succeeded in documenting strong performance in critical areas. PVC has also grown a great deal in its use of the R4 process for management and program purposes. Indeed, PVC played a catalytic role in establishing the importance and need for PVOs and NGOs to assess and measure capacity as a critical first step in monitoring and documenting results in capacity building. PVC's leadership in this arena has resulted in the dramatic adoption or adaptation of PVC-developed methodologies by many PVOs.

The emphasis this year on SO achievements has provided documentation of PVC's strong performance. The results that have been achieved have assisted us in formulating new directions for PVC consideration in the months ahead as we begin the new strategic planning process. Important areas such as alliances between PVOs and business address important issues of sustainability (SO indicator), and social investment partnerships leading to resource mobilization (IR 2). Increased PVO partnerships with local NGOs has given more impetus to the transfer of capacity from northern NGOs to those in the south, thereby addressing issues of sustainability and resource transfer, and greater depth

regarding partnering methodologies, and, as stated, leading PVC to new program directions such as NGO strengthening with Missions.

The relationship between program performance and the request for resources is a close one. New program directions as well as performance weaknesses, such as developing capacity building assessment indicators and improving the quality of appropriate indicators, are articulated in each year's guidance to the PVO community in Requests for Applications for PVC's six grant programs. Weaknesses in PVO performance are addressed through raising standards in each year's RFA and measuring them against an comprehensive, office-wide systematic performance measurement system, which incorporates indicators, grant reviews, and program evaluations.

Increasingly driven by funding realities, consideration will have to be given to changing the nature of our competitive programs for the PVO community. At question is the philosophical basis on which the Agency and PVC, in particular, has worked with the PVO community for decades, respecting the independence of mission and the fact that PVOs will remain in countries after USAID's departure. Traditionally, assistance was provided to support PVO-initiated programs rather than to utilize them merely to implement USAID's work. We recognize the changes during the 90's due in large part to the lack of program flexibility, and we have adapted somewhat to only support the sectors and capacity needs requested by PVOs that also converge with USAID priorities. However, we find ourselves more confined to the unpredictability of types of funding over the life or typical project period of grants in the non-child survival sectors. Multi-sector, multi-year programs depend upon some level of constancy in earmarked sectors over a three to five year period. The fluctuation in earmarks that are allocated to PVC within the 3-5 year LOP that makes it extremely difficult to carry through until the end of projects. A million dollars fluctuation each year in earmarks can make a big difference to administering competitive grant programs. It is difficult to begin an activity with democracy funds that rise and fall each successive year, or to initiate a project with other earmarks in which no proposals are submitted. Perhaps PVC should simply solicit proposals to fund only one basic education grant, two democracy grants, three agriculture, etc., rather than asking PVOs to devote the significant time and monetary resources they now do to submit many more proposals than can possibly be funded. The difference with child survival is that there are sufficient and more stable funds to justify a narrow sector program.

The dilemma which PVC and its partners face from the uncertainty of earmarked funds is the inability to fund multi-sector activities from the beginning to the end of the grant cycle. A case in point is the way in which the Matching Grants program has been affected by the change in the economic growth earmark. There has been an annual **18%** decline in economic growth funds to PVC in each of the last two years. Furthermore, the expected decrease for the FY 2001 economic growth earmark is a substantial **28%**. Since the earmarked funds have been reduced by a third over the last two years and will be reduced by almost another third next year, the PVC mortgage commitments made only two and three years ago are in jeopardy of not being met. If there is no relief for FY 2001, PVC will have to make funding choices between the Matching Grants program,

Ocean Freight Reimbursement and the Cooperative Development programs which all utilize economic growth funds.

Exacerbating this is the lack of additional child survival monies for PVC as the CS and related earmarks rise with no appreciable rise in PVC's OYB to accommodate them. Although PVC has received its portion of the Agency's recent decline in CSD funds, the PVC office can no longer accept higher earmarks in CS or in HIV/AIDS without also receiving additional funds, as the increases in HIV/AIDS or other related health tend to lower the overall OYB in this zero-sum situation. A higher CSD allocation is justified. The capability of child survival practitioners and the CORE network of child survival PVOs have grown by leaps and bounds and have for several years possessed the proven capacity to do much more under our program with a larger piece of the Agency's child survival pie.

Recent new monies that have come to PVC (e.g., Torture Victims, Japan Common Agenda, etc.) are tied to congressional priorities that PVC has been asked to manage by other Agency bureaus. They do not represent additional funds for PVC's programs under its strategic framework.

Workforce and Operating Expenses

Like a medium-size mission, PVC is highly operational in that it administers six competitive grant programs with a total portfolio of approximately \$250 million and one non-competitive program (Denton), in addition to its PVO advocacy and policy role. Grant management is labor intensive. PVC has taken steps during the last year or two to address the office's heavy management burden. Indeed, in 1999 PVC lost two direct hire positions in the last downsizing exercise. To better handle the declining staff resources, PVC is now moving away from annual solicitations that have been a hallmark of its competitive grants programs. We have a five-year program cycle for both the Cooperative Development Program and the PL480-funded Farmer to Farmer Program. We recently initiated a two-year program cycle for both the Development Education and Ocean Freight Reimbursement Programs. At our annual post R4 retreat next month, we will consider a multi-year cycle for Child Survival and Matching Grants. We have also tried to reduce the number of procurement actions that are generated from the grant competitions, thereby providing some relief to the Office of Procurement as well.

As noted, PVC's FTE of 19 declined by two in FY 1999 due to the downsizing exercise. This has made it even more difficult to manage grants, as one of these positions was the sole cooperative development grant manager. Even more critical is the need to keep up with the large grant portfolio in the child survival and health program. Two child survival direct hire staff manage 74 projects implemented by 26 PVOs. While two JHU Child Survival Fellows assist the program, they primarily respond to information and technical requests, but may not act as the Cognizant Technical Officers for the Cooperative Agreements. The need for an additional health officer has been evident, and as requested for the past two years. It is even more pressing now if we are to effectively handle the large and technical child survival and health portfolio.

A second critical need that has been neglected far too long is to have a program officer in PVC who is responsible for the many reporting and policy-related analyses required by the office in fulfilling its varied program and PVO advocacy mandate, ensuring that Agency policies regarding the PVO community have PVC input, and that reports and documents required by the Agency are attended to in a more systematic way than has been the case. PVC management is unable to keep up with the demand for PVC input in important Agency documents, e.g., assistance instruments revisions, and drafts pertaining to PVOs issues for the ADS, APR, BBS, CP, and R4. The coordination of activities in five divisions and six grants programs justifies a new position. PVC management has an urgent need for help with these increasing demands in order to meet the requirements expected by the office, bureau, and Agency.

In order to manage effective grant activities in the field, PVC project officers must be equipped with the resources to monitor them. Last year's request for additional travel funds, \$10,000 more for FY 2000, was to bring the travel budget to \$60,000. Despite the request, PVC's FY 2000 allocation is a \$13,000 reduction from FY 1999. PVC will have a difficult time monitoring its grant activities and making other essential site visits with the \$37,000 travel allocation, even with a new monitoring system in place to cover more activities per visit.

FISCAL YEAR	PROGRAM BUDGET	FTES (USDH)	OE TRAVEL BUDGET
FY 1996	\$45.2 M	20	\$50,852
FY 1997	\$46.6 M	20	\$55,000
FY 1998	\$47.6 M	19	\$50,000
FY 1999	\$45.6 M	19>17	\$50,000
FY 2000	\$50.5 M	17	\$37,000
FY 2001	\$50.1 M	17	\$74,000
FY 2002	\$50.1 M	17	\$74,000

PVC PIPELINE ANALYSIS

	TOTAL	VALUE
DEOBLIGATIONS IDENTIFIED	83	\$ 5,631,223
DEOBLIGATIONS ASSIGNED TO OP	66	\$ 4,593,742
DEOBLIGATIONS ASSIGNED TO PVC	17	\$ 1,037,481

In response to an agency requirement, PVC is doing an extensive analysis of its pipeline. As the above table indicates, a total of 83 deobligations have been identified totaling

\$5,631,223. Of these, 66 of the deobligations totaling \$4,593,742 have been transferred to M/OP and are currently being processed. PVC staff is processing the remaining 17. **It is critical for PVC to receive the full allocation once these funds are returned to the Agency.**

Org <u>BHR/PVC</u> End of year On-Board								Total	Or g. M g mt	Fin. M g mt	Adm in. M gm t	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2000 Estimate	SO 1	SO 2	SO 3	SO 4	SO 5	SpO 1	SpO2	SO/Sp O								
OE Funded: 1/ U.S. Direct Hire	17							17							0	17
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	17	0	0	0	0	0	0	17	0	0	0	0		0	0	17
Program Funded 1/ U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0		0	0	4
Total Direct Workforce	21	0	0	0	0	0	0	21	0	0	0	0		0	0	21
TAACS								0							0	0
Fellows	4							4							0	4
IDIIs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0		0	0	4
TOTAL WORKFORCE	25	0	0	0	0	0	0	25	0	0	0	0		0	0	25

Org <u>BHR/PVC</u> End of year On-Board								Total	Or g. M g mt .	Fin. M g mt	Adm in. M gm t	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
FY 2001 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO 1	SpO2	SO/Sp O								
OE Funded: 1/																
U.S. Direct Hire	19							19							0	19
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	19	0	0	0	0	0	0	19	0	0	0	0		0	0	19
Program Funded 1/																
U.S. Citizens	4							4							0	4
FSNs/TCNs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0		0	0	4
Total Direct Workforce	23	0	0	0	0	0	0	23	0	0	0	0		0	0	23
TAACS								0							0	0
Fellows	4							4							0	4
IDIs								0							0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0		0	0	4
TOTAL WORKFORCE	27	0	0	0	0	0	0	27	0	0	0	0		0	0	27

Org <u>BHR/PVC</u> End of year On-Board								Total SO/Sp O Staff	Or g. M g mt .	Fin. Mg mt	Adm in. Mgm t	Con- tract	Legal	All Other	Total Mgmt.	Total Staff	
FY 2002 Target	SO 1	SO 2	SO 3	SO 4	SO 5	SpO 1	SpO2										
OE Funded: 1/ U.S. Direct Hire	19							19								0	19
Other U.S. Citizens								0								0	0
FSN/TCN Direct Hire								0								0	0
Other FSN/TCN								0								0	0
Subtotal	19	0	0	0	0	0	0	19	0	0	0	0	0	0	0	19	
Program Funded 1/ U.S. Citizens	4							4								0	4
FSNs/TCNs								0								0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4	
Total Direct Workforce	23	0	0	0	0	0	0	23	0	0	0	0	0	0	0	23	
TAACS								0								0	0
Fellows	4							4								0	4
IDIs								0								0	0
Subtotal	4	0	0	0	0	0	0	4	0	0	0	0	0	0	0	4	
TOTAL WORKFORCE	27	0	0	0	0	0	0	27	0	0	0	0	0	0	0	27	

FY 2000 Budget Request by Program/Country

[illegible]

[illegible]

[illegible]

FY 2001 Budget Request by Program/Country

Fiscal Year:	2001	Program/Country:	BHR/PVC												
Appro p:	DA/CSD														
Scenario:															
S.O. # , Title															
		FY 2001 Request													Est. S.O.
	Unilateral		Agri-	Other	Children's		Child	Infectious		Health			Est. S.O.	Pipeline	
		Total	culture	Economic	Basic	Other	Population	Survival	Diseases	HIV/AIDS	Promotion	Environment	D/G	Expenditures	End of FY2001
				Growth	Education	HCD									
					(*)			(*)	(*)	(*)	(**)				
963-001	Increase capability of PVC's PVO partners to achieve sustainable service delivery														
	Unilateral							0							
DA			4,084	17,515								947	3,500		0
		26,046	4,084	17,515	0	0	0	0	0	0	0	947	3,500	0	0

[illegible]

[illegible]

FY 2002 Budget Request by Program/Country

[illegible]

[illegible]

Annex A

<p>CAPACITY STRENGTHENING IN PVOs AND NGOs:</p> <p>A PROGRAM DESCRIPTION FROM</p> <p>THE OFFICE OF PRIVATE AND VOLUNTARY COOPERATION (PVC)</p>

I. Why Build PVO Capacity? The Changing Development Roles of Non-Governmental Organizations

The changing roles and responsibilities of contemporary development imply a series of challenges for donors and non-governmental organizations that the Office of Private and Voluntary Cooperation (PVC) is trying hard to anticipate and address. Non-governmental organizations (PVOs and NGOs) play an indispensable role worldwide in creating a viable civil society and in undertaking key development activities. In light of the volume of development aid now delivered through non-governmental organizations, the emergence of strong, capable PVOs and NGOs should not be left to chance. As the number of PVOs has increased, and as their activities have expanded, USAID's strategies and mechanisms for supporting them have evolved. Today, USAID looks to U.S. PVOs more as sources of knowledge, training and technical assistance to local organizations than for their earlier prominent roles as direct service providers. Yet continuing changes in the roles and activities of PVOs means that they must frequently upgrade or modify their capacities in order to support local partners. For that reason, PVC has designed its programs not only to produce excellent services, but to support PVOs in assessing and addressing their capacity building requirements as well as those of their partners.

As U.S. PVOs recast their development roles, USAID support for PVO capacity strengthening is as important as ever. The office of Private and Voluntary Cooperation (PVC) is unique in USAID/W in that its primary mandate at the Strategic Objective level is to support strengthened service-delivery capacity in non-governmental organizations. PVC measures its success in strengthening PVOs and the services they provide through its six Strategic Objectives. Two SOs measure organizational capacity building, two measure the effectiveness of service delivery, and two assess the sustainability of the development services PVOs provide.¹²

The Mechanisms of PVC's Approach

PVC creates a capacity building relationship with PVOs beginning with the application process for the office's flagship programs of competitive grants. PVC's

¹² Of the central bureaus in USAID, only the Global Bureau (G) and the Bureau for Humanitarian Response's Office of Private and Voluntary Cooperation (BHR/PVC) support programs that involve local NGOs.

Request for Applications (RFA) requires applicants to clearly address and make plans for building essential technical and organizational capacity, and for delivering sustainable, quality services. An important purpose of the RFA is to assist PVOs in planning and negotiating the shift from a direct service delivery role to one of supporting the capacity development of local partners. PVC reinforces its requirements for service delivery, capacity building and sustainability through program impact evaluations and by providing extensive consultation with grantees throughout the life of their grants.

With its diverse divisional programs and broadly inclusive grant criteria, PVC supports capacity strengthening through a variety of activities and learning contexts. These range from preliminary assessments of organizational capacities and priorities, to staff training workshops and seminars, technical consultancies, small grants aimed at organizational transformation, and follow-up assessments of the success of guided change. While organizational capacity may sometimes hinge on the skills of a small number of staff, the changes PVC seeks to support are geared to the organization, not to a project or individual.

With donors increasingly relying on NGOs to provide services, the main hope for sustainable development impacts rests with organizations that have durable local roots. For this reason, USAID has often supported strengthened capacity for PVOs and NGOs by way of a mentoring or partnership relationship between a U.S. PVO and its local counterparts. This is the area where PVC's unique role is most prominent. Applicants for Matching Grants are expected to build a close working relationship with a local organization into their proposals. The key quality of proposals is that they provide essential services while enhancing the capacity of both organizations. Since 1998, PVOs that successfully compete for PVC grants are required to develop a memorandum of understanding and a capacity strengthening strategy, designed and signed by both the PVO and its NGO partners.

Child Survival (CSGP) grant applicants must submit a robust sustainability plan. New entrants to the CSGP have the opportunity to successfully complete a two-year grant during which they analyze the health situation in countries where they intend to work, and establish partnerships with the local organizations that will become their partners in a follow-on grant. PVC's Farmer-to-Farmer program has worked with its grantees to design a results reporting and management information system for use throughout the newly independent states of the ex-Soviet Union. This system provides year-to-year results data on service delivery for better longitudinal assessments, and integrates this with information on organizational development to capture institutional change. Each grantee modifies the basic common system to incorporate particular areas of focus for each project. The integration of these multiple monitoring functions into a single system has changed the way PVO grantees implement and manage their programs.

The sharing among of PVOs and NGOs of organizational experiences, lessons learned, and best practices is another powerful capacity-strengthening tool. Networks supported by PVC have the dual purpose of facilitating communication between potential partners, and of encouraging the exchange of information and experiences between PVOs

engaged in similar activities. In certain cases, it is more efficient and effective for PVOs to mobilize skills through partnership with another PVO or private sector organization than to build capacity in their own organization. Possibilities for innovative inter-sectoral partnerships can emerge when businesses and PVOs combine complementary skills to address areas of mutual interest. PVC has sent clear policy signals in favor of appropriate partnerships to the PVO community. Provided that a PVO has the management capacity required to initiate and foster a partnership, this option offers synergies in service delivery and operational capacity in a relatively short time. PVC has supported networks in sectors that span the office's portfolio, including:

- **Small Enterprise Education and Promotion Network (SEEP):** AS an association of 50 PVOs that support micro and small enterprise programs, SEEP serves as a center for best practice learning and information dissemination to the microenterprise community.
- **Corporate Community Investment Services ('Alliance', formerly known as CorCom):** This network assists PVOs in forging linkages with commercial businesses to increase their financial sustainability and organizational skills.
- **Child Survival Collaboration and Resources Group (CORE):** A network of 32 U.S. PVOs that have received USAID funding for community-based child survival programs, CORE enables member organizations to exchange information pertinent to carrying out more effective health programs.

Assessing Needs and Measuring Results

In addition to its grants programs, PVC supports PVO capacity building through a process of organizational assessment and strengthening. These assessments help organizations to take stock of the skills and capabilities they command, and to identify those they would like to build. The capacity assessment tools described below enable PVC and its partners to understand existing organizational skills and capabilities, measure service delivery impacts, and chart a course for organizational development. Initial organizational assessments also provide a baseline that helps to measure success in strengthening capacity. Among the tools PVC has developed to support the capacity assessment process are:

- **Discussion-Oriented Self-Assessment (DOSA):** This capacity-assessment tool was developed jointly by PVC and PACT to measure six key areas of capability: 1) human resource management, 2) financial resource management, 3) service delivery, 4) organizational learning, 5) external relations and 6) strategic management. Since strengthening the capacity of PVOs is a long-term process, PVC has decided to administer this capacity assessment to a cohort of PVOs over a five-year period. This will allow the office to learn more about the dynamics of organizational change, with an eye to refining PVC's strategy .

- Global Excellence in Management (GEM): The GEM initiative applies a technique called ‘Appreciative Inquiry’ to understand the strengths and weaknesses of an organization, and to prioritize areas for future targeted change. GEM is designed to catalyze change at four levels: the individual, the organizational, the inter-organizational, and the systemic (identifying common issues across organizations).
- Sustainable Development Services (SDS): With development funding increasingly scarce, the issue of financial sustainability and cost-recovery is increasingly significant for PVOs. The SDS project helps PVOs learn to operate using business techniques, which include cost-recovery and diversification of income streams. Training in increased use of strategic planning, board involvement, and client-focused activities also help PVOs design and implement revenue-generating activities.
- Child Survival Technical Support (CSTS): This program offers a range of support for grantees of PVC’s Child Survival program in strategic planning, results reporting and institutional strengthening. These skills help organizations with typically high levels of specialized technical proficiency to strengthen their abilities in organizational operations.

USAID’s emphasis on performance and results reporting makes it vital that PVC’s grant recipients be able to monitor and document their accomplishments. An additional benefit of PVC’s emphasis on baseline organizational capacity measurement is that it helps to reinforce among grantees that baseline data is a vital element in the monitoring, management and evaluation of service delivery. As part of its grant evaluation process, PVC focuses on the planning matrix and the results indicators of any proposed project. It is essential that these indicators accurately and reliably quantify the key goals and outcomes of any activity. The planning matrix and detailed implementation plans (DIPS) required by PVC help grantees identify the specific services and outcomes they commit to bringing about. Close monitoring of activities also provides information that project managers can use to adjust and improve service delivery and organizational operations. Results reporting and project monitoring thus provide a potentially integrated system serving USAID’s needs for demonstrable results, as well as the needs of our grantees to strengthen their organizations.

The Future of Capacity Strengthening

PVC’s experience in helping to strengthen the capacity of PVOs illustrates that there are direct, measurable payoffs in terms of better service delivery, sustainability, and organizational stability from these development investments. Yet in the contemporary development context of more prominent roles for local NGOs, challenges remain for USAID in working with such organizations. PVC’s extensive 1999 survey of the relationships between USAID Missions and NGOs indicates that a considerable gap still exists between the capacities USAID Missions look for in their partners, and the abilities local NGO are able to command. On the one hand, strong confidence in local NGO capabilities was clearly expressed by the Missions:

- 88% of responding USAID Missions said that local NGOs can play an effective role in development.
- 75% of the Missions have strengthening the capacity of local NGOs as a basic objective.
- 66% of the Missions currently have grants or Cooperative Agreements with local NGOs.
- 83% of Missions with grants of CAs reported favorably on the quality of this collaboration.
- 65% of responding Missions indicated an interest in becoming more involved in a range of activities that enhance the enabling environment for NGO work, or which build the capabilities of LNGOs, if program support were available.

On the other hand, notwithstanding this evidence of extensive collaboration and cooperation, many Missions reported in the survey that they are currently cautious about expanded engagements with LNGOs. There are several reported reasons for this reticence. The most important have to do with perceptions of LNGO organizational, programmatic and capacity weaknesses.

- 66% of the Missions said that ‘many’ of the LNGOs are not strong in these areas.
- Many USAID Missions reported that their ability to intervene constructively on behalf of LNGOs is limited by a lack of in-house technical capacity.
- 64% of Missions said they are strongly interested in acquiring the tools to choose and evaluate appropriate indicators for measuring improvements in LNGO capacity and performance.
- More than half of the Missions said they are not aware of any programs that would help them to strengthen LNGO capacity.

PVC is responding to this gap between needs and capabilities by conducting an assessment of capacity-strengthening programs in this office and elsewhere in the Agency. When complete, this review should provide an understanding of what works most effectively in existing programs, and what program elements are most worthy of future support. This study will provide the basis for an innovative new Results Package providing support to USAID Missions, PVOs and NGOs. Though the precise services and mechanisms have not yet been specified, PVC anticipates these will be designed to:

- Provide better assistance mechanisms for LNGO programs
- Help Missions more accurately assess LNGO capacity building needs and better measure changes in LNGO capacity

- Promote networks and coalitions among NGOs
- Strengthen the ability of NGOs to provide higher quality, sustainable development services

In responding to the expressed need within USAID Missions for mechanisms through which to interact with and support LNGOs, this new initiative will build on and expand PVC's existing, effective grants programs. But in supplementing PVC's traditional capacity strengthening activities, this new effort will reach more LNGOs than is now possible, and will assist Missions in identifying and supporting effective, local development partners.

ANNEX B

SUCCESS STORIES

PVC's primary mandate is to strengthen the capability of the U.S. PVO community to enable it to provide more sustainable development assistance. Effectively strengthening the capacity of PVOs promotes long-term program effectiveness and increases the ability of PVOs to transfer these capabilities to their local partners. For PVC's grantees, capacity strengthening also involves the adoption of innovative ideas and new technologies that result in more positive program outcomes. Though the process of change varies considerably across organizations, PVC's programs have consistently resulted in significantly improved PVO capacities and services.

The following stories, drawn from across PVC's portfolio, reveal the variety of strengths that our grantees and their local partners have built during this year. They also help to illustrate the ways that innovative changes 'add value' to the programs managed by PVC's partners. In making programs more sustainable, for example, and by helping organizations respond flexibly to humanitarian emergencies, PVC's approach amplifies the impact of development assistance. The four categories in which these stories have been grouped are illustrative rather than exhaustive, and highlight discrete areas of accomplishment in PVC's integrated capacity strengthening strategy.

I. CAPACITY-BUILDING

Capacity-building encompasses a broad spectrum of activities. These range from training, to technical assistance and grants aimed at changing the recipient organizations themselves. In the cases described below, the challenge was to integrate staff, services and separate regions into a more coherent and powerful project. The synergies realized by CARE Peru and Land O' Lakes in implementing more integrated strategies show the results produced by more capable, efficient organizations.

CARE Peru Increases Capacity through PHLS Approach

The Partnership and Household Livelihood Security (PHLS) grant was awarded to **CARE/USA** to institutionalize the concepts and methodologies of PHLS within CARE country programming.

Household Livelihood Security evolved conceptually from the concept of food security. Food security was broadened to encompass all basic household securities (i.e., food, water, shelter, education, health, community participation, physical safety). Through various diagnostic techniques, the nature and frequencies of these household insecurities can be determined and be addressed through interventions. Partnerships provide not only

a means to implement activities addressing more than one of the needs simultaneously, but also promote the sustainability of these interventions.

The PHLS approach in Peru, particularly in Cajamarca region, has wrought a thorough change in the way CARE staff work in teams. They have had to set aside traditional attitudes toward implementation and accept the challenges that integrated, multi-sectoral programming can bring. The task has not been easy. The concept of development through individual projects has changed into a concept of sustainable development through integrated programs—with interrelated projects sharing a vision and strategy.

CARE Peru's use of the PHLS framework for its programming has helped enhance CARE's capacity in the following ways:

- Geographic concentration of interventions enables better coordination of our work and optimizes human and financial resources. Overall, this results in more impact on the target population.
- Teamwork has become far more institutionalized and has a more holistic vision. The teams are more responsive to the needs and demands of programmatic work, and they can more readily operate within an integrated plan of action.
- The PHLS approach has helped CARE staff develop negotiation skills and the capacity to use them with other CARE projects and/or partner institutions with which we are implementing joint or complementary work. All of CARE's projects in Cajamarca and Puno, for example, work with partners from local government, private enterprise, government ministries, or research centers. This has changed CARE's image of being "isolated" and independent to one of an organization with a sincere intention to partner.
- CARE has increased its capacity to analyze the effects of interventions at a family and community level by establishing impact indicators.

The PHLS approach has helped CARE to work more effectively with local communities and government agencies so community agents that work with the different projects can avoid confusion and duplication of services

Increasing Access to Health Care through Capacity-Building of Health Cooperatives

In FY 1999, Minnesota based HealthPartners, a U.S health care cooperative and a sub-grantee of **Land O'Lakes** in the Cooperative Development Program, assisted in the successful opening of the first site of HealthPartners Uganda Health Cooperative: Kigoma Health Cooperative. Working with the existing organized dairy cooperatives created by Land O'Lakes, HealthPartners has helped organize the Kigoma Health Cooperative to be administered locally through the utilization of the community bank.

As more of Uganda's dairy farmers organize themselves into successful cooperatives, they have realized the need for community based health care services in which they can play an important role. The co-op leaders assist in collecting the prepayment premium of

\$4.00US every three months for a family of four. Within the first two months, the cooperative has enrolled approximately 800 people. Some highlights of Covered Services, prioritized in part by the cooperative members, include Chronic diseases such as asthma and diabetes and hospital child delivery, when the woman has attended at least three prenatal visits and has been referred as high risk.

This program has not only expanded the capacity of the local co-ops to provide more benefits to their members in the dairy industry, it has also strengthened the capacity of U.S. based HealthPartners to engage themselves for the first time in international development. Requests from other dairy cooperatives to expand HealthPartners Uganda Health Cooperative continue to be received. And as a result of the guaranteed prepayment component, providers are requesting a similar model at their facilities. School systems in the Bushenyi area have already worked with the Bushenyi Medical Center to create a prepayment scheme modeled on the HealthPartners program. To date, over 5000 students are enrolled.

In the second half of FY 99, Land O'Lakes switched their operations into Tanzania with the hopes of creating a regional model after their initial success in Uganda. They held a regional Cooperative Development Training Seminar for dairy representatives from Uganda, Kenya, Tanzania, Zambia and Malawi. They are hoping to show other farmers who are interested in cooperative organizations that the benefits can go beyond better marketing, greater production and higher profits. It can also mean a specialized health care system for their families

II. SUSTAINED SERVICE DELIVERY

U.S. PVOs face the twin challenges of ensuring sustained development impact for their programs, while simultaneously establishing the financial base for organizational survival. For some organizations, the issue of cost-recovery and sustained program impacts are closely entwined, as in the case below of PSI. In other cases, as with the World Relief example, the challenge is more one of institution building and partnerships. PVC's strategy of encouraging business plans, diversified funding sources, and a long-term planning horizon for both programs and organizations reflects the importance it places on sustainable impacts. As these stories illustrate, encouraging examples of success in both areas are emerging from PVC's portfolio.

Increasing Public Health Impact through Sustainable Social Marketing Programs

Population Services International (PSI) defines sustainability as "the ability to make increasing contributions to priority health problems into the foreseeable future." PSI's approach to sustainability is distinctive in its emphasis on public health impact as the goal to which all strategies are subordinated; cost recovery is assessed as one potential means to this end, and local affiliate organizations capitalize on the benefits of international linkages rather than attempting to become autonomous.

With Matching Grant support from USAID/BHR/PVC, PSI has articulated this unique approach to sustainability and applied it to social marketing programs in India, Zambia and Paraguay. Planning for sustainability in PSI involves articulating a long-term vision, assessing strengths and weaknesses relative to that vision, and identifying activities to minimize threats to an organization's ability to achieve its vision. PSI's strategic sustainability planning (SSP) process is distinctive in the involvement of key stakeholders (including host government representatives, local NGO and commercial sector partners and donors).

Since 1998, three PSI affiliates have implemented this annual planning process: Society for Family Health (SFH) in Zambia, Population Services International in India and Promocion y Mejoramiento de la Salud (PROMESA) in Paraguay. Results following the implementation of sustainability plans include the following:

- Increased sales. In India, condom sales rose by 57 percent between fiscal years 97 and 99. During the same time period, sales of ORS increased by 50 percent and oral contraceptive sales increased by a factor of 6. In Zambia, sales of Safeplan oral contraceptives doubled during the first two years of the project and in Paraguay, Pantera condom sales increased by over 300 percent since they were launched in August 1998.
- Human Resource Development. Each country program has strengthened institutional capacity through a combination of strategies including: adding new positions, utilizing technical assistance to transfer skills to local staff, organizing formal training opportunities for staff as well as less-formal options such as study-tours to neighboring social marketing programs.
- Strengthened Resource Base. Donor support has been diversified, sales revenues increased and cost containment strategies implemented in each country. In Zambia, revised travel and overtime policies have helped cut costs while new funding from the Japanese has decreased SFH's reliance on their main donor. Between calendar years 1998 and 1999, PROMESA/Paraguay sales revenues increased by 75 percent, from US\$68,000 to US\$120,000. PSI/India recovered 33 percent of all costs, including commodities, in 1998-up from 26 percent in 1997.

A Sustainable Approach: The *Vurhonga* Child Survival Program in Mozambique

When World Relief began its health program in the districts of Guija and Mabalane, Mozambique in 1995, 25% of all children died before their fifth birthday. From 1995 to 1999, World Relief worked to reduce maternal and child mortality through increasing immunizations, improving nutrition, introducing family planning and controlling diarrhea and malaria. World Relief trained 22 Mozambique mothers as full-time health instructors in good health practices and these women then spread this knowledge to over 1,500 health volunteers. Each volunteer subsequently shared her knowledge with 10 families in her neighborhood. As a result, over 15,000 mothers in 39 remote villages know how to provide good health care to their children. Perhaps the most innovative aspect of the program was the care group. This is a group of eight to ten volunteers (usually one group per village) who meet together every two weeks to discuss progress, report and discuss

project data, and receive training and support. The individual volunteers draw strength from their participation in the care group. The care groups and the low worker-to-family ratio allow volunteers to form a critical mass sufficiently powerful to transform the pursuit of maternal and child health from a project to a community-based movement, thus creating a complete shift of the community norms toward better health behaviors and beliefs. This community shift in norms enables mothers to carry out and sustain new health behaviors.

This approach has led to impressive results. During the four years that program has been training mothers, immunization rates have increased from 37% to 93%, malaria treatment rates have increased from 11% to 85%, and diarrhea treatment rates have increased from 8% to 86%.

The first phase of the *Vurhonga* (which means "dawn" in Tsonga) child survival program has ended but it is likely that progress will be sustained. The volunteers are not overloaded with work (each has only 10 families to look after), there is a strong spirit of oneness among the volunteers, and new health behaviors are accepted by the village leaders. Now that the health instructors will no longer be visiting the project areas of *Vurhonga* I, the government and village leaders will come together once a month with the World Relief health volunteers to discuss health issues. Because the Ministry of Health will provide support to the already established care groups in each village, (as opposed to each volunteer) the workload will be reasonable and thus sustainable. The Ministry of Health has seen the advantage of continuing the vaccination and weighing sessions, and spreading health information to the villages.

The next phase of the child survival program, *Vurhonga* II will commence in the adjoining Chokwe district. In addition to adding lessons on identifying pneumonia and training first aid workers to treat pneumonia, health instructors will train an extra care group made up of church leaders from each village. Church members often consult their leaders on matters related to health. Training church leaders will enable them to provide sound advice to their congregation. Furthermore, training people in leadership positions increases the chances that a program will be sustainable.

III. HUMANITARIAN ASSISTANCE

While PVC supports activities linked directly to humanitarian assistance, its primary emphasis has been to build capacity in organizations offering a range of development services. In light of the importance of humanitarian assistance for USAID, however, PVC decided this year to investigate and document the involvement of its grantees in humanitarian assistance. This study helped the office understand how capacity and flexibility are created in PVOs, and how development capabilities strengthened in one area may transfer, or 'add value', to activities in another – in this case, humanitarian assistance. Hurricane Mitch was a humanitarian disaster of enormous proportion. But the extraordinary response of PVC grantees operating in the region illustrates that true organizational capability is in some senses a convertible development asset.

Civil Society Strengthening as a Foundation for Effective Humanitarian Response

With support from USAID's Office of Private and Voluntary Cooperation, **Mercy Corps International** began to implement a civil society strengthening program in the central highlands of Honduras. The approach focused on working with local citizens groups, community associations and municipal government officials to increase civic engagement, responsive leadership and effective development. The crisis situation created by Hurricane Mitch has demonstrated the importance of these efforts and highlighted the critical link capacity between civil society strengthening and effective emergency response.

The communities that have participated in the civil society strengthening program have distinguished themselves in several ways. They were able to respond to the initial emergency phase more quickly and effectively, were less likely to have conflicts between and among citizens and the municipal government, and were able to play a proactive role in the reconstruction processes in their communities.

Following Mitch, 17 municipalities and more than 300 communities depended almost entirely on Mercy Corps and their local partner, Proyecto Aldea Global (PAG) to respond to the emergency. In Los Anices, for example, 300 residents were left homeless after nearly 50 homes constructed in low-lying areas were completely destroyed by flooding. The displaced residents approached Mercy Corps/PAG for assistance in the physical and social reconstitution of this community. In response, Mercy Corps/PAG coordinated an integrated emergency response designed to address the physical, social and economic needs of the community. Mercy Corps/PAG was able to facilitate the establishment of a strengthened community infrastructure through the efforts of the civil society program in the relief and reconstruction process. These efforts included the following:

- Convening community leaders, representatives of the municipal government, and Mercy Corps staff to establish a formal Memorandum of Understanding delineating the roles and responsibilities of each group in the reconstruction process.
- Organizing an official citizen leadership committee (Patronato) to represent the community in the reconstruction process.
- Brokering three weeks of highly contentious negotiations between community representatives and the municipal leaders about the relocation of the displaced population.

The result of these processes in Los Anices has been the integrated reconstruction of a physically and socially destroyed community.

Volunteers Assist in Rehabilitation Efforts in Honduras

Through the PVC's Farmer to Farmer Program, **Partners of the Americas'** volunteers are helping farmers in San Isidro, Honduras to transition away from traditional slash and

burn (a critical factor in land erosion) and to reduce their dependence on chemical pesticides and fertilizers in favor of alternative cultural techniques and the use of compost. But Partner volunteers have endeavored to respond to needs beyond the direct scope of their assignments. In response to the devastation caused by Hurricane Mitch, the Vermont Chapter of Partners raised nearly \$100,000 which will build or repair 133 homes. In addition, Partner's Washington office has worked in conjunction with Centros de Enseñanza and the Vermont Chapter to facilitate the construction of at least 8 new houses in San Isidro, to create funds to support the purchase of quality seeds and repair local roads that are essential for commerce and services between local rural communities.

Rural Cooperative Aids Rehabilitation Efforts in Nicaragua

The National Rural Electric Cooperation Association (NRECA), through PVC's Ocean Freight Reimbursement Program, has made significant contributions toward the rehabilitation efforts in Nicaragua following Hurricane Mitch. Nine ocean containers of donated electrical equipment and materials were shipped to assist Nicaragua in re-establishing electricity to many areas devastated by the hurricane. The shipment included more than 200 transformers, key to the electricity generation process, as well as hardware, cable, insulators, and other types of equipment for line repair. The largest donation, and in many ways, the most useful, was sent in May 1999 to speed up rehabilitation efforts. The 11½ ton digger derrick truck from a US rural cooperative in Georgia can set poles and assist linemen in repairing lines faster and safer than manual methods.

Through the years, NRECA has donated equipment and materials to help newly established rural electric cooperatives in Nicaragua. The ocean freight program has been instrumental in NRECA's efforts to contribute to rural electrification in many developing countries, and re-activating electricity where natural disasters have occurred.

IV. INNOVATIVE MODELS: LESSONS FROM THE BEST

For farmers with small landholdings, the margin between a successful harvest and hunger is frequently very small. Success in helping risk-averse farmers stabilize their production at levels sufficiently high to provide a livelihood often depends upon innovative technical changes. While dissemination of technical changes is not a financial success formula for all PVOs, the ability to absorb, integrate and then disseminate innovations often defines the margin for success or failure. In different ways, then, for both farmers and PVOs innovative changes are often crucial keys to sustainability. As the examples of Winrock and IDE show, a willingness to embrace and popularize new technologies simultaneously serves clients and PVOs.

Development education is another area in which new technology has resulted in greater program impact. The "Food for Everyone" project illustrates how innovative ideas can lead to more effective ways of educating the U.S. public on development issues.

Adoption of New Technologies Results in Increased Income for Banana Growers

Winrock International has worked through the Agro Enterprise Center to promote increased commercial cultivation of bananas as a promising source of income for 60 banana farmers in the Kailali and Kanchanpur districts of Nepal. To date, Winrock reports that the banana growers have experienced a \$25,000 increase in incomes due to the adoption of new techniques that were introduced by volunteers of PVC's Farmer-to-Farmer Program.

Technical assistance to farmers have included the following new technologies:

- Improved production practices
- Control of pests and diseases
- Improved post harvest activities such as transportation, grading and packing

Results of the farmers applying the new technologies include the following:

- Ripening is now done using ethylene instead of calcium carbide (which is believed to cause health problems)
- 50% decrease in the incidence of fruit scarring beetle
- 20% increase in yields. Additional funds have been leveraged from the Agriculture Development Bank in the form of \$60,000 credit to the farmers
- DANIDA has extended \$20,000 to procure planting material and provide local training
- Formation of the Trikapur Banana Growers Association to address problems in production, marketing and credit
- Reduction of insecticide spraying by keeping the field clean and weed-free
- After harvest, green banana leaves are fed to cattle and goats, which reduces the demand for green grasses from the forest
- Dead rotten banana leaves and pseudostems are being incorporated into the soil to increase fertility.

Return on Investment Counts—Especially in Development

Return on Investment is no longer a question reserved for private business. To ask this very same question is becoming increasingly important for donors, NGOs and beneficiaries in far away countries. Donors owe it to their taxpayers to invest public money wisely; NGOs owe it to their supporters to leave a lasting benefit behind after their intervention ends. Most importantly, beneficiaries need to make an accurate assessment of what their investment will produce, because their survival may well depend on this economic return.

International Development Enterprises (IDE) has made the Return on Investment criteria part of its development efforts since inception in 1982. Income has been generated for the beneficiaries and for the last two years, with the help of a capacity building grant from USAID/PVC's Matching Grant Program, IDE has been able to track the Return on Investment and the results are exemplary Under the current PVC grant,

IDE has introduced low cost drip irrigation in India and the anecdote below illustrates how the ROI criteria applies in the field:

Sajan Bai is a widow; she has 5 sons who are all marginal farmers. She owns 2,5 acres of land and purchased a low cost drum irrigation kit with which she can irrigate 500 plants (300 tomato and 200 eggplants). She expects to get one kilogram of yield per plant, in total 500 kilograms and will be able to sell the tomatoes at Rs. 5-6/kg and the eggplants at Rs. 4-5/kg. Her total harvest will yield Rs. 2000 to Rs. 3000. Her investment was Rs. 500 for the kit and Rs. 250 for the drum. After seeing Sajan Bai's success, her two sons also installed drum kits at their own house.

The return on investment for this farmer is considerable after just one crop: she invested Rs. 750 and earned Rs. 2000 to Rs. 3000 or 266% and 400% respectively. A handsome return indeed for a well-placed investment which will continue to bring income to its owner indefinitely – or as long as she chooses to continue using the drip system. . This woman has a compelling economic reason to continue using drip irrigation long after IDE's intervention ceases. Her success serves as an example for others to follow her tactic and as a result, there is a no cost extension of the NGO/donor intervention.

Making a difference in a beneficiary's economic situation, however, is not limited to providing a more lucrative source of income but also includes making necessities more affordable. In Bangladesh, for example, IDE developed a 1-inch tubewell which allows for a 37% cost reduction over the traditional 1 ½-inch version and by doing so decreases the cost of a hand pump to the end user by 26%.

In terms of price, the following chart compares the Janani pump developed under the existing USAID grant with a 1-inch tubewell against its closest competitor in the market.

Cost Component	Janani Pump	Competition
Pump	Tk 400	Tk 650
Pipe	Tk 330	Tk 480
Filter	Tk 90	Tk 120
Well Drilling and Installation	Tk 400	Tk 400
Total	Tk 1220 (\$24.40)	Tk 1650 (\$33)

For the majority of Bangladeshi households, access to safe drinking water is beyond their means and a reduction in cost will have a considerable impact on how many people can afford clean drinking water. Making drinking water more affordable for a larger number of beneficiaries allows for a wider distribution of health benefits resulting from clean drinking water and eliminates expenditures for health care and lost earning potential. Studies in Vietnam have shown that 17% of the family budget is spent on health care and the incidence of major water related diseases is reduced considerably when clean drinking water is available.

Economic and financial considerations more than anything influence human behavior. Donors are no more likely to invest in a losing proposition than small-scale marginal

farmers are. To assure a sustainable development effort therefore requires a thorough cost/benefit analysis by all those involved.

Food for Everyone: An Innovative Approach to Development Education

The first CD-ROM ever created for presenting development education materials was produced by the **National Council for Agricultural Education (The Council)** in partnership with **Bread for the World Institute**. With funding from PVC's Development Education Program, this one-year project, "Food for Everyone," gave more than 700 teachers a way to educate their students about the benefits to U.S. agriculture of providing a safe and plentiful food supply to feed a growing world population.

Originally envisioned as a three-ring binder, the lesson plans were converted to an interactive CD-ROM, a product that is not only more cost-effective, but also in higher demand by teachers and students alike. The Council is now using its well-established dissemination channels within the U.S. agricultural education community to increase the reach of the CD-ROM. Forty-six state teacher trainers from throughout the country are now teaching others in their states how to use the materials in creative and appealing ways in the classroom. If each teacher reaches 30 students, the project will have reached more than 67,080 students by 2001.

ANNEX D

RESULTS FRAMEWORK

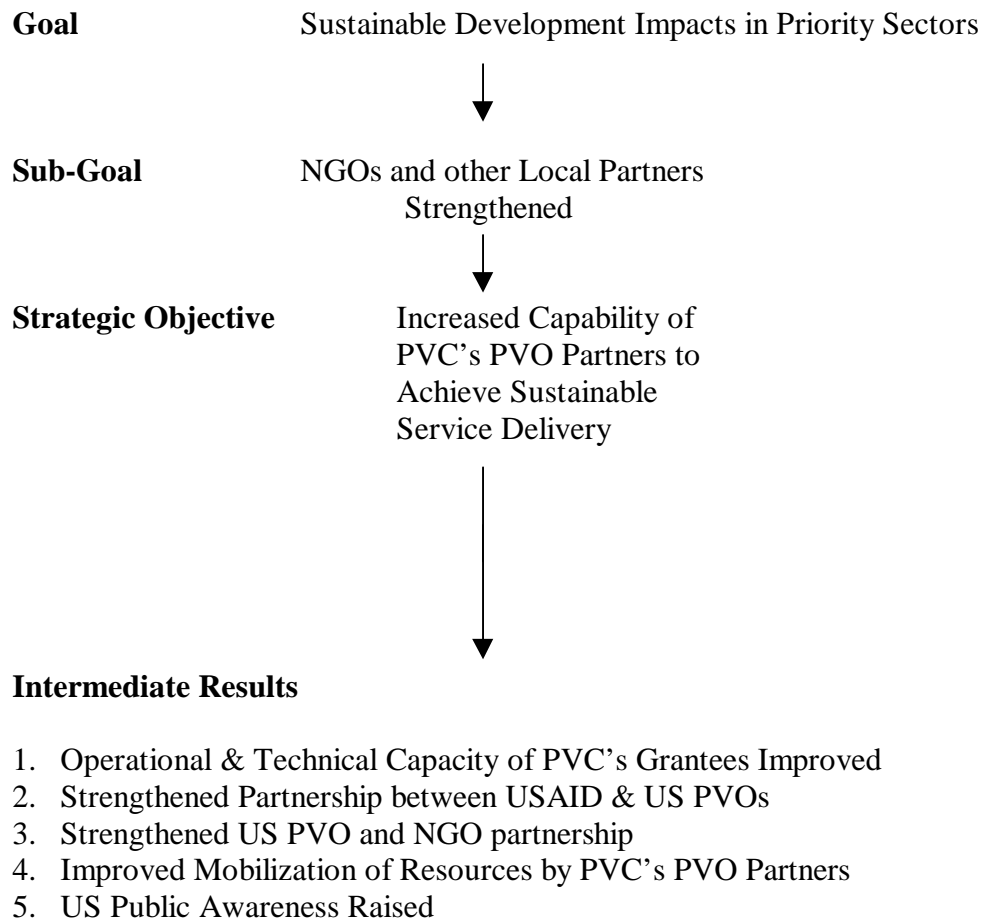
PVC is in the final year of its Strategic Plan (FY 1996 to 2000). As part of the preparatory work for the development of a new Strategic Plan PVC has undertaken additional data collection and analysis that is intended to:

- Give the Office a better understanding of the dynamic of change in these indicators over the life of the current Strategic Plan,
- Provide a more detailed estimate of the effects and impact of portfolio investments during the life of the current plan, and
- Support data-based decision-making on the design of the next five-year Strategic Plan.

PVC also convened a series of office-wide meetings to review the issues relating to performance monitoring and the results framework in the current Strategic Plan. As a result of these meeting changes were made to the indicators at the Strategic Objective (SO) and Intermediate Results (IR) levels. The following changes were made:

- Data on a new set of potential indicators for institutional strengthening would be collected this reporting period (FY99).
- Additional data collection and re-analysis of existing data at the SO level would be conducted to broaden our understanding and verify trends in service delivery and sustainability.
- IRs that have proved to be particularly successful in managing for results (IR1) would be incorporated into the grant management process and new IRs developed in FY2000.
- Indicators that have not proved useful for management purposes would be dropped or redeveloped. For example a new policy advocacy indicator for R2 will be developed in FY 2000.
- A new indicator for NGO strengthening will be developed in FY2000. Additional data on NGO strengthening would be collected to broaden our understanding of the issues and to provide verification of results at the sub-goal level (*NGO and other local partners strengthened*).

RESULTS FRAMEWORK



INDICATORS

SO level Indicators

1. Old: Change in the mean capacity score of PVC-supported PVOs on PVC-developed capacity self-assessment instrument

Addition: % of PVC's Partners that adopt new management systems and/or technical approach and innovations
2. Old: Change in the number of members of formal networks or Association of voluntary organizations

- | | | |
|--------|-------------|---|
| | <u>New:</u> | % of network member that adopt new management systems and technical approaches as a result of membership in PVC funded networks |
| 3. Old | | Change in key measures of child survival program performance |
| 4. Old | | Change in key microenterprise measures of performance |
| 5. New | | Change in key measures of FtF program performance |
| 6. Old | | % of ME programs that are operationally sustainable |
| | <u>New</u> | to be determined |
| 7. New | | % of programs that achieve post-grant sustainability |

IR level Indicators

All IR level indicators will be reviewed in the annual post R-4 retreat

IR1 Operational & Technical Capacity of PVC's Grantees Improved

- 1.1 % PVOs that develop quality program plans
- 1.2 % of PVOs that adopt a systematic approach to program monitoring and impact evaluation

IR2 Strengthened Partnership between USAID & US PVOs

- 2.1 Old: % of recommendation presented by ACVFA that are adopted by USAID
- 2.2 % of USAID program funds channeled through US PVOs

IR3 Strengthened US PVO and NGO partnership

- 3.1 Percent of PVC grants where there has been a clear transfer of resources by the PVOs to local level partners
- 3.2 Dropped
- 3.3 Dropped

IR4 Improved Mobilization of Resources by PVC's PVO Partners

- 4.1 % of PVC grantees with a diversified funding base

IR5 US Public Awareness Raised

- 5.1 % of PVC grantees that measure changes in the awareness and understanding of US audiences of the importance's of global sustainable development

ANNEX E

GREATER HORN OF AFRICA INITIATIVE

PVC contributes to the GHAI with its own funds each year. The chart indicates the level of USAID funds as well as the PVO cost share leveraged for these activities in the region in FY 1999. The activities contribute to directly to two of the operating principles : African Ownership and Promoting Stability. Working with local NGOs, PVC' s PVO grantees are strengthening local organizations to take a greater role in delivering essential services while raising institutional capacities. The activities contribute to promoting stability by focusing on local level activities to promote a strengthened civil society.

Country	Child Survival	Cooperative Development	Farmer-to-Farmer	Matching Grant	Total
East Africa				\$64,000	\$64,000
Eritrea			\$116,665		\$116,665
Ethiopia		\$134,187	\$208,980	\$233,315	\$576,482
Kenya	\$1,038,209			\$201,231	\$1,239,440
Rwanda	\$336,003			\$63,750	\$399,753
Tanzania				\$750,022	\$750,022
Uganda	\$558,512	\$259,667	\$82,765	\$471,527	\$1,372,471
Sub Total	\$1,932,724	\$393,854	\$408,410	\$1,783,845	\$4,518,833
Cost Share	\$483,181			\$1,783,845	\$2,267,026
Total	\$2,415,905	\$393,854	\$408,410	\$3,567,690	\$6,785,859

Greater Horn Countries:

Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania, Uganda, East Africa